SASKATCHEWAN
WORKERS'
COMPENSATION
BOARD

2006 ANNUAL REPORT

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Vision Statement

In serving injured workers and employers, our vision is to excel in the development and delivery of workers' compensation and injury prevention programs and services.

Mission Statement

In support of our vision, our mission is to:

1. Provide the right service, at the right time, and be cost-effective in our processes.
2. Act with dignity and treat everyone with respect.
3. Conduct our business in a fair, open, honest and professional manner.
4. Bring about positive relationships with workers, employers, and others affected by the workers' compensation system.
5. Communicate clearly our distinct identity, benefits and values.
6. Expect and recognize individual and corporate achievements and contributions to our workplace.
7. Ensure the organizational and financial integrity of the Workers' Compensation Board.

Statement of Beliefs

The Statement of Beliefs is rooted in the Meredith Principles and describes what the WCB holds to be true about Saskatchewan's compensation system, our stakeholders, and the nature of our relationships with workers, employers, and the people of Saskatchewan.

Our corporate beliefs are:

1. Injured workers and employers deserve excellent service.
2. Workers, employers and others deal with us honestly.
3. Employers care about their employees and care that their employees receive excellent service.
4. The WCB's future relies on positive relationships built on trust, understanding and cooperation in our programs and services.
5. WCB employees want to excel in customer service.
6. The WCB is guided by its corporate values in all of its decisions.

Values Statement

Our corporate values are the standards by which our actions and decisions are to be considered and judged by others.

1. **Dignity** – those we serve and those we work with are treated with respect and consideration.
2. **Fair** – those we serve and those we work with are treated equally and without prejudice or bias, and in a timely manner.
3. **Honest** – those we serve and those we work with are treated truthfully.
4. **Open** – our programs and services are easy to access and to understand. Our decisions and actions are clear, reasonable and open to examination.

Strategy Statements

The strategy statements are meant to be interrelated and mutually supportive. Taken together, strategy statements are meant to represent a comprehensive, preferred future for the organization.

Service – We will provide support to injured workers, their families and employers when they need it most. We will develop and promote injury prevention programs. We will return injured workers to wellness, including the return to suitable employment.

Relationships – We will continue to build relationships that serve the interests of workers and employers.

Strategic and Risk Management – We will follow a planning process that anticipates and responds to the environment, that integrates operational planning, and that results in service and management excellence and efficiency. We will follow a risk management process that identifies and mitigates risks that jeopardize the implementation of the strategic plan.

Employee Relations – We will promote pride in WCB employees and require accountability for individual and corporate achievements, and responsibility for how work is accomplished.

Year at a Glance

	2006	2005	2004	2003	2002
Number of workers covered[1]	338,898	327,064	325,565	309,362	306,518
Lost time claim rate (per 100 workers)[2]	4.05	4.25	4.40	4.81	4.95
Number of claims reported	40,922	39,904	37,715	38,919	39,821
Number of lost time claims accepted[2]	13,732	13,904	14,329	14,876	15,174
Permanent Functional Impairment awards	509	460	431	469	484
Fatal claims accepted	22	20	26	26	16
Number of appeals filed					
Appeals Committee	1,008	1,149	1,077	1,081	979
Board Level	233	308	284	240	297
Return to work percentages					
Secondary treatment centres	92%	87%	85%	88%	91%
Tertiary treatment centres	87%	81%	82%	79%	84%
Claim costs ($ millions)	241.1	205.9	210.9	199.2	†221.1
Active employer accounts[3]	33,438	32,851	32,125	31,630	31,327
Premium revenue ($ millions)	221.2	212.0	221.0	177.6	†154.4
Average Actual Premium Rate[4] (per $100 of insurable earnings)	1.84	1.97	2.05	1.83	1.67
Investment income ($ millions)	87.5	†54.8	†41.8	†55.2	†52.3
Benefits liabilities ($ millions)	933.2	871.3	836.5	801.8	778.5
Reserves and Injury Fund Excluding AMVA ($ millions)	26.3	7.4	(9.5)	(51.4)	(43.5)
Reserves and Injury Fund Including AMVA ($ millions)	211.7	135.2	52.7	N/A	N/A

[1] Full-time equivalent workers based on Statistics Canada average wage and WCB payroll information as of December 31st. 2006 full-time equivalent workers based on estimate of both average wage and payroll information.

[2] Number of time loss claims and the lost time claim rate are as at December 31st.

[3] Includes active employers as at December 31st.

[4] All years are Board-approved rates.

† Certain comparative figures have been changed to conform to the current year's presentation.

Letters of Transmittal

The Honourable
Gordon Barnhart
Lieutenant Governor
Province of Saskatchewan

May it please Your Honour:

I respectfully submit the Annual Report of the Workers' Compensation Board for the Calendar Year 2006.

David Forbes
Minister of Labour

The Lieutenant Governor in Council:

We are pleased to submit the seventy-seventh Annual Report of the Workers' Compensation Board for the year ending December 31, 2006.

Respectfully submitted,

John Solomon, Chairman

Karen Smith, Board Member

Walter Eberle, Board Member

Message from the Chairman

2006 was a robust year for Saskatchewan. A boom in our economic base, employment at record levels, people moving back to the province because of lifestyle and affordability issues, and an increase in immigration have created more businesses and jobs. This growth has impacted the Workers' Compensation Board. For the WCB, our challenge has been to be more vigilant in our pursuit of workplace health and safety issues.

Because of our comprehensive and contemporary strategic plan, the WCB has been able to meet these challenges with modest success. In 2002, the WCB established a strategic plan to reduce the injury rate by 20 per cent over 4 years. The strategic plan had many components aimed at taking our injury rate of 4.95 per cent to 4.0 per cent by the end of 2006. We have reduced the rate by 18 per cent over the last four years, and I am pleased to announce that the 2006 injury rate has been reduced to 4.05 time loss injuries per 100 workers. The Board will continue along the path set by our strategic plan to further reduce the injury rate to 3.5 per cent by 2010.

How was our injury rate reduction achieved? Only as a result of a concerted effect through the focus, concentration and effort by employers, workers, safety associations, ***WorkSafe Saskatchewan*** and the staff at the WCB were we able to drive down the injury rate. All of our partners can be proud of the role they played in reducing the workplace injury rate.

Are we satisfied with our progress in reducing injuries? Absolutely not. The Board will continue along the path set by our strategic plan to continue to make prevention and safety our number one priority. How will our future target of a lower injury rate be met? By focusing on our goals, concentrating on implementing our strategic objectives, and strong effort by our partners and WCB staff.

WBC Board Members: John Solomon, Board Chairman; Karen Smith, Employer Representative; Walter Eberle, Labour Representative.

The benefits of a lower injury rate are many. A comprehensive approach to workplace safety and injury prevention can bring savings that easily exceed any investment. The reduction in human suffering of injured workers and their families is priceless. Keeping a healthy workforce at the workplace means less training and replacement costs, lower WCB premiums and better productivity for the employer resulting in good business results. In essence, workplace injuries and deaths are both a personal and workplace tragedy – and a financial burden that no one needs.

The message must continue so that every person in Saskatchewan recognizes that every injury – at work, at home, at play – is preventable.

To help us achieve our goals, the Board is working on a number of new initiatives with a Relationship Strategy introduced this past year. This is a concerted effort to reach out to stakeholder groups that have a vested interest in our system. We will continue in 2007 to reach out to even more groups through the Relationship Strategy.

Although we still have challenges to address, there are many things that the Saskatchewan Workers' Compensation Board continues to do well in comparison to other Boards across the country. When we compare our results against other jurisdictions based on the most recent 2005 statistics prepared by the Association of Workers' Compensation Boards of Canada (AWCBC), we find we continue to compare very favourably in our services to workers and employers.

- The Saskatchewan Workers' Compensation Board continues to offer one of the most comprehensive benefits programs for injured workers.
- We continue to be only one of four Boards to be fully funded for future liabilities, meaning every worker receiving a service today is guaranteed there is money available to pay for those services as long as needed.
- The Saskatchewan WCB continues to rank number one for the average calendar days from registration to first payment issued for injured workers at 13.43 days.
- We also are number one for the average composite duration of claims at 42.67 days.
- We rank second in average calendar days from injury to first payment issued at 18.69 days.
- We have the second lowest administration cost per time loss claim.
- Our financial position has been improved by ranking second in market rate of return at 13.7 per cent as of 2005.

The Saskatchewan WCB continues to lead in the area of accountability and transparency. We went through our legislated Committee of Review where every stakeholder and individual in the province can comment on our operations and results and suggest changes to the way we operate. We eagerly await the results of the Committee and any recommendations it has to make us a better operation.

Our Board and Executive continue to be accessible and available for face-to-face dialogue through WCB events like our Compensation Institute, our annual general meeting and employer consultations during our rate setting process. We listen, we hear what people are saying, and we act accordingly.

The Board and Executive believe we have established the mechanisms to meet our future demands. Our Strategic and Operational Plan is reviewed and updated annually so that we keep pace with changes in our society. This allows us to face the risks ahead, not just for next year, but for several years in the future.

We recognize the vital role of the Saskatchewan Workers' Compensation Board in both the economic and social fabric of the province. The Board will continue to provide the strategic leadership required to ensure our mandate is met. Our goal is to provide stability to the process, while continuing to meet the changing needs of our employers and workers. We will continue to do the utmost to meet the trust and confidence the workers and employers of Saskatchewan have placed in us.

John Solomon

John Solomon
Chairman

Message from the CEO

By any measure, 2006 was a positive year for the Saskatchewan Workers' Compensation Board.

Financially, the WCB finished the year with a substantial surplus. This allows the WCB to top up the reserves that were depleted in the early part of the decade by poor economic results. This surplus is mainly due to two factors: increases in revenue and stable costs.

The WCB has two sources of revenue, each of which has increased in 2006:

- Increased premium revenue is directly linked to the healthy provincial economy. A growing economy means more jobs which translates into larger payrolls. As the WCB's revenue is based mainly on employer payrolls, this means more revenue for the WCB.
- Our second, and much smaller, stream of income is based on the results of our investment strategies, and 2006 was a good year for our investments.

Over 85 per cent of our budget is consumed by compensation costs which are influenced primarily by two factors – injury frequency and injury durations.

The reduction in the provincial injury rate to 4.05 per cent is almost a year ahead of our schedule to bring the injury rate down to 4.0 per cent by December 31, 2007. We have to remember that this drop directly impacts human suffering of injured workers and their families, and the costs of claims for employers, again translating into a better bottom line for both employers and the WCB.

We believe that our key message – "Safety is everybody's business" – is reaching Saskatchewan people. One important factor in getting this message across is our ***WorkSafe Saskatchewan*** program. This program – a joint initiative of the WCB and the Department of Labour – includes a major awareness campaign centred on workplace safety initiatives. The work of our newly named Prevention Department (formerly Prevention,

Peter Federko, Chief Executive Officer;
Graham Topp, Vice-President, Operations;
Gail Kruger, Vice-President,
Prevention, Finance and I/T;
Donna Kane, Vice-President,
Human Resources and Team Support.

Safety and Return to Work) is also leading the way as we reach out to employers to help them deliver safety and prevention programs designed for individual workplaces.

WorkSafe Saskatchewan has also been building partnerships with safety associations and other groups with a similar mandate. One key partnership is ***Safe Saskatchewan.*** This public-private partnership which fosters injury prevention outside of the workplace, complements the ***WorkSafe Saskatchewan*** focus on the workplace.

Claim durations continued to decrease in 2006. For the fifth consecutive year the days paid per claim has decreased. A reduced duration is an indicator that workers are returning to work earlier. This also impacts the human and financial costs, serving to offset inflationary impacts of wages and goods and services acquired.

The WCB's continued economic stability and an ongoing focus on our strategic plan has produced, and will continue to produce, strong and positive results for employers and workers in this province.

These kinds of results only happen with the commitment and support of our stakeholders and partners – our employers and workers, caregivers and employees.

The success and stability of our system is dependent upon the strength of our relationships with these stakeholders and partners. Their feedback and input allows us to provide services that are efficient and effective and fair to all involved. Working together means we can continue to reduce injury rates and time loss durations.

We will continue to focus on the WCB's strategic plan. It has a proven record of success and it allows us to adjust our actions as needed.

We must continue our focus on injury prevention.

- This is our single largest opportunity to positively impact the lives of all our stakeholders. We will continue to support and emphasize our programs and services through ***WorkSafe Saskatchewan*** and our own Prevention Department, ***Safe Saskatchewan*** and all safety initiatives in the province. Awareness and education will continue to be central to these initiatives.

- Despite our positive trend in reducing the provincial injury rate, Saskatchewan still has the second highest rate in Canada. It is more than 50 per cent higher than the national average. We can not and will not accept this.
- A key area that we must continue to monitor is rising medical costs for our injured workers. This is not just a Saskatchewan concern. Boards across Canada and the United States are finding that medical costs are starting to exceed benefits costs for injured workers. We believe the answer to this issue lies with the demand side of the equation. In other words, injury prevention is the most effective means of controlling medical costs by reducing the demand for these services.

We will continue to focus on those things that matter most to the workers and employers of Saskatchewan:

1. We will continue to work with stakeholders to reduce workplace injuries and the effects of those injuries.
2. We will continue to work with stakeholders and partners for quick, safe, and sustainable return to work.
3. We will focus on effectiveness and efficiency in all we do at the Saskatchewan Workers' Compensation Board.
4. We will excel in the development and delivery of workers' compensation and injury prevention programs and services.

Peter Federko, C.A.
Chief Executive Officer

Management Discussion and Analysis

The following management discussion and analysis (MD&A) is the responsibility of management and is intended to provide a narrative explanation of the Saskatchewan Workers' Compensation Board's (WCB's) financial conditions and results of operations for the year ended December 31, 2006. The MD&A should be read in conjunction with the audited financial statements and supporting notes as its purpose is to complement and supplement these documents.

Forward-looking narrative statements contained in this discussion and analysis represent management's expectations based on information currently available as of March 2, 2007. Because forward-looking statements involve risks and uncertainties, actual future results may differ from those anticipated in this discussion.

Overview of our Core Business

WCB exists to serve injured workers and employers by developing and delivering workers' compensation and injury prevention programs and services. We will do this by:

- Providing support to injured workers, their families and employers when they need it most,
- Developing and promoting injury prevention programs,
- Returning injured workers to wellness, including the return to suitable employment, and
- Continuing to build relationships that serve the interests of workers and employers.

To this end, we have developed an operational plan that incorporates programs and projects in the following areas: excellent service, competent people, financial integrity, effective processes, effective business relationships, safety and prevention, and strategic risk management. The WCB's Report to Stakeholders, a companion document to the Annual Report, contains much more detailed discussion of the WCB's strategic and operational plan and the key performance measures used to track progress towards our plan.

Performance and Prospects

1. Claims Durations Continue to Decline

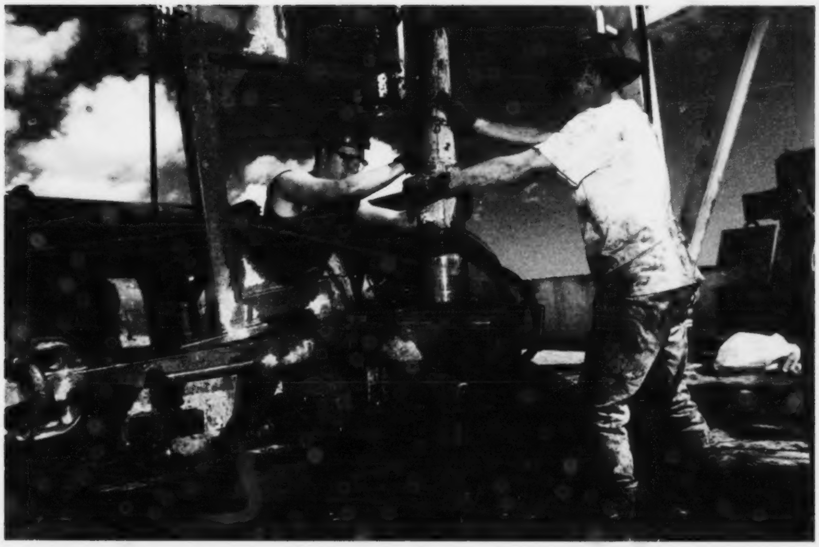
A key driver of claim costs is the duration of claims being paid. The rolling twelve month average duration of all time loss claims in the system, those which occurred in 2006 and those which occurred before 2006, fell by 0.7 days per claim, from 34.2 days in 2005 to 33.5 days in 2006. 2006 marks the fifth consecutive year there has been a reduction in the average duration of all claims, dropping 8.8 days or 20.7 per cent since the introduction of our current team based claims management model. Looking forward, we believe that the rate of decline will slow and the potential for further gains is between one and two days. Our ability to capture this opportunity is primarily dependent on the degree to which the WCB, employers, injured workers, and health care providers understand and execute their roles and responsibilities in the return to work process on each and every claim.

We have developed an operational plan that incorporates programs and projects in the following areas: excellent service, competent people, financial integrity, effective processes, effective business relationships, safety and prevention, and strategic risk management.

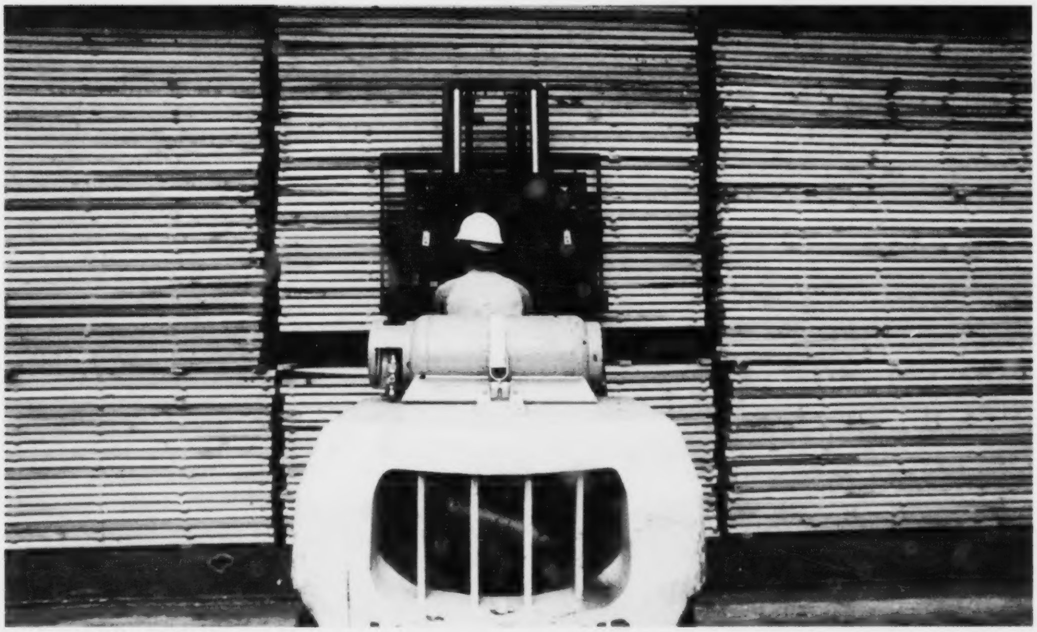
Management Discussion and Analysis

2. Further Reduction in the Provincial Injury Rate

In 2006, there were 13,732 new time loss claims accepted, a drop of 1.2 per cent from the 13,904 time loss claims paid in 2005. There was also a significant increase in the number of workers covered by workers' compensation, going from 327,064 workers in 2005 to 338,898 workers in 2006, a 3.6 per cent increase. Fewer injuries combined with more workers gives us a provincial injury rate of 4.05 per cent for 2006, a 4.7 per cent reduction from the 4.25 per cent injury rate reported last year.



At 4.95 per cent, the WCB had the second highest injury rate of all jurisdictions in Canada and was seeing this injury rate steadily increase on a year over year basis in 2002. The WCB took action and set an aggressive goal to reduce the injury rate to 4.0 per cent by the end of 2007. As steady gains were made from 2003 – 2005, the WCB moved its target of a 4.0 per cent injury rate to the end of 2006. At the end of 2006, the injury rate, at 4.05 per cent, is just shy of our goal. Along with our ***WorkSafe Saskatchewan*** partner, Department of Labour, we have set a new objective – to reduce the provincial injury rate to 3.5 per cent by the end of 2010. This will take significant effort by all our stakeholders: workers, employers, safety associations, unions, and employer associations but we are confident that we can achieve our goal.



3. Experience Rating

2006 was the second year of a three year phase in of the WCB's experience rating program. This program is intended to provide a financial incentive to emphasize safety and injury prevention in the workplace. Employers with good claims records may receive discounts from their premiums while employers with poor safety records may be surcharged. These discounts or surcharges are calculated when the annual rates are set in the fall of each year and are applied to the employer's industry premium rate for the upcoming year.

For 2006, the surcharge was frozen at the 2005 level of 50 per cent for all employers rather than move to a 100 per cent maximum surcharge for employers in the advanced program and a 75 per cent maximum surcharge for employers in the standard program. The discount remained at a maximum 25 per cent for employers in the

Management Discussion and Analysis

standard program and a maximum 30 per cent for employers in the advanced program. This meant that 1,446 employers paid $11.4 million in surcharges while 22,101 employers received $21.1 million in discounts. Full implementation of a maximum 200 per cent surcharge for employers in the advanced program and a maximum 75 per cent surcharge for employers in the standard program for 2007 was announced in the fall of 2006. It is anticipated that 1,461 firms will be surcharged $18.5 million while 22,087 firms will receive discounts totaling $19.8 million.

Experience rating meant that 22,101 employers received $21.1 million in discounts while 1,446 employers paid $11.4 million in surcharges.

4. Joint Industry Committee (JIC)

The JIC, made up of members from WCB, Department of Labour, and safety leaders representing a variety of industry rate codes and organized labour was formed in 2006 to encourage employers to adopt health and safety programs and to establish certification standards for these health and safety programs. The JIC's goal is to establish and gain consensus on a framework of standards for safety programs, evaluations, and certifications. Industries can then implement certification programs or use the framework to provide a clear outline of standards for loss control within their industry. WCB believes that industries and employers within those industries that promote and adopt standardized health and safety programs will realize significant improvements through lower injury rates and reduced costs for employers and most importantly, by reducing the impact of injury on Saskatchewan workers and their families.

2006 Financial Highlights

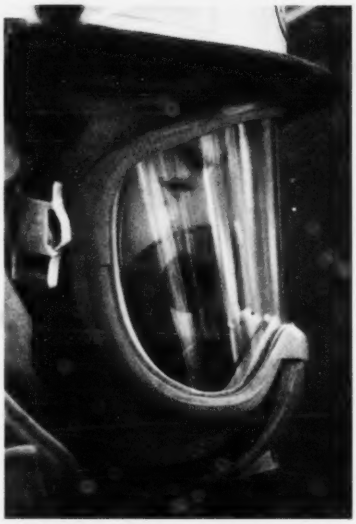
In 2006, Saskatchewan's economy remained strong and investment returns surged. Combined with a continued decrease in both the injury rate and claims durations, the WCB recorded a surplus of $18.9 million in 2006 compared to a $17.0 million surplus in 2005. This surplus was allocated to the WCB's funded reserves and Injury Fund, leaving them in a net positive position of $26.3 million, building on the $7.4 million at the end of 2005.

Revenues

WCB's revenue sources are premium income and investment income. In 2006, revenues totaled $308.8 million, a 15.7 per cent increase over 2005 revenues of $266.8 million.

Premiums

Overall premium revenue is made up of base premiums, special levies to replenish funded reserves and the Injury Fund, discounts and surcharges disbursed and collected



through the Experience Rating Program, and payments made to industry safety associations. Premium revenue increased by 4.3 per cent from $212.0 million in 2005 to $221.2 million in 2006. Due to strong payroll growth, base premium revenue increased by 3.9 per cent, going from $217.7 million in 2005 to $226.2 million in 2006.

The net cost of the Experience Rating Program in 2006 at $9.7 million was $1.7 million higher than the net cost of $8.0 million in 2005. This means that, in 2006, WCB

Management Discussion and Analysis

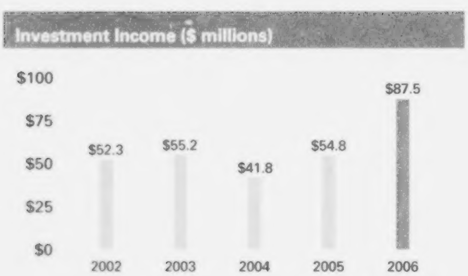
paid out $9.7 million more in discounts to employers than it collected back in surcharges. As the program moves from a maximum 50 per cent surcharge for both standard and advanced employers in 2006 to a maximum surcharge of 200 per cent for employers in the advanced program and 75 per cent for those in the standard program in 2007, it is expected that the program will become more revenue neutral whereby discounts given to employers on their premiums will approximately equal surcharges collected.

For 2006, the average premium rate decreased by 6.6 per cent, from $1.97 in 2005 to $1.84. Employer payrolls increased by 8.7 per cent from $11.03 billion to $11.99 billion due to strong economic growth, particularly in the oil and gas sector and in the construction sector.

Investment Income

Investment income rose 59.7 per cent, from $54.8 million in 2005 to $87.5 million in 2006. In 2006, a financial statement presentation change was made to report separately interest allocated to the annuity fund from investment income. The result is an additional $12.6 million reported in investment income and a corresponding $12.6 million in expenses. The impact of this presentation change for the 2005 year resulted in an additional $8.3 million in investment income and a corresponding $8.3 million increase in expenses.

The $87.5 million investment income reported in the Statement of Operations represents $45.3 million of



investment income from interest and dividends, while $42.2 million is the net amount of gains realized from the sale of equities and bonds. Because real estate is carried at book value, all net realized gains on sales are included in the $45.3 million amount.

An accounting policy change implemented in 2004 requires the WCB to record its investments at market value and to report separately the unrealized gains and losses on these investments as other comprehensive income. This is the WCB's only source of other comprehensive income which is reported in the Statement of Surplus (Deficiency in Assets) as Accumulated Market Value Adjustments (AMVA). Investment income reported in the Statement of Operations at $87.5 million represents actual dividends, interest, and net gains realized on sales during 2006.

The AMVA grew by $57.6 million in 2006, being the net amount of net unrealized gains of $99.8 million and $42.2 million of net realized gains recorded in the investment income. The $57.6 million net unrealized gains is added to the December 31, 2005 balance of $127.7 million to bring the AMVA balance at December 31, 2006 to $185.3 million. This $185.3 million represents the net unrealized gains as at December 31, 2006. The $1.2 billion reported as the carrying value of Investments in the Statement of Financial Position includes the $185.3 million in AMVA.

Investment income is an important revenue stream for the WCB, one that is relied on to supplement premiums to cover total expenses for the year.

Investment income is an important revenue stream for the WCB, one that is relied on to supplement premiums to cover total expenses for the year. Built into the benefits liabilities and into the premium rate setting model is the long-term assumption that the WCB's investments will generate an annual rate of return of 6 per cent. In 2006, the investment return was 14.6 per cent at market.

Management Discussion and Analysis

Investment Strategy

The WCB's investment strategy is based on a long-term view. However, in the short-term, returns on the fund will vary according to market volatility. The WCB maintains a Statement of Investment Policies and Goals (SIP&G) which is reviewed on an ongoing basis. In this document, the WCB outlines its investment and risk philosophy. To achieve its long-term investment goals, the WCB diversifies among asset classes – fixed income securities; equities, and real estate – to maximize returns at acceptable risk. The WCB further diversifies within asset classes by selecting investment managers with varying investment mandates and styles.

To achieve its long-term investment goals, the WCB diversifies among asset classes - fixed income securities, equities, and real estate - to maximize returns at acceptable risk.

The SIP&G recognizes the characteristics of the WCB's funding requirements: the term of the liabilities is very long and well over half of the existing liabilities will increase with increases in inflation in the future. The WCB's Investment Committee, reporting to the WCB's Board of Directors, must make prudent decisions on investment strategies based on these characteristics.

Because of the link between investments and benefits liabilities, the WCB completed an Asset Liability Study in 2006. Two of the purposes of this study were to illustrate the magnitude of the asset risk on the financial operations of the WCB and to assess the effectiveness of the current SIP&G.

The study revealed that the asset risk measured by the volatility of funding levels of the WCB due to the investment performance of the fund is considerable. To mitigate this risk, less risky assets could be considered but premium rates would need to increase on a permanent basis by as much as $0.25 per $100 of payroll to sustain the current system. Therefore, the study recommended that the WCB consider a

comprehensive funding strategy that makes use of reasonable rebates and surcharges, as may be required over time to smooth out the funding positions and minimize the need to drastically affect charges to premium rates in any given year.

The study also showed that the current SIP&G is near optimal and that no major changes are required. In 2007, the Investment Committee will review its SIP&G and make changes in line with the recommendations outlined in the Asset Liability Study. The Board will also embark on a comprehensive funding strategy review based on the recommendations contained in the study.

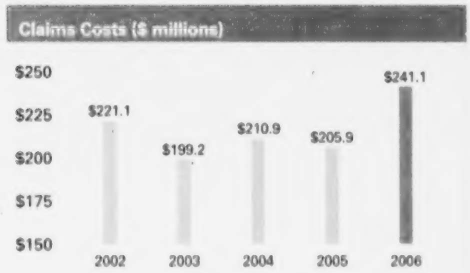
Expenses

The WCB has four main categories of expenses: claim costs, annuity fund interest, administration, and legislated obligations.

Claim Costs

As reported in the Statement of Operations, claim costs include the actual claim payments made on programs throughout the year plus the increase in the benefits liabilities, which represents the amount required to pay the future costs of all claims. In 2006, these costs totaled $241.1 million, a 17.1 per cent increase from the $205.9 million of payments made in 2005. Much of the increase, $28.9 million, can be attributed to a change in the long-term economic assumptions used to calculate the benefits liabilities.

The program component of claim costs consists of the amount of claim payments made on wage loss compensation to injured workers and their dependents, the health care services provided to injured workers, and any vocational rehabilitation required to return injured workers to meaningful employment. In 2006, program expenditures were $170.1 million, a $7.9 million increase over 2005's expenditures of $162.2 million. Administration costs for adjudicating and managing claims is also allocated under claim costs, bringing



Management Discussion and Analysis

the total 2006 program expenses to $179.2 million. This compares to 2005 program expenses of $171.1 million.

Durations and numbers of new time loss claims are two of the key drivers of claim costs and both were positive influences on costs in 2006.

The difference between the $179.2 million of claim payments made to administer claims and the $241.1 million of claim costs reported in the Statement of Operations is a $61.9 million actuarial increase. Of this amount, $33.0 million is added to the benefits liabilities to ensure the WCB can meet its legislated obligation to pay the costs of all existing claims in the future. The balance, $28.9 million is added to the benefits liabilities as a result of a change to the long-term assumptions used to calculate the benefits liabilities and is explained in the benefits liabilities section.

As explained earlier in this discussion, both the duration of time loss claims being paid and the number of new time loss injuries declined in 2006. Durations and the number of new time loss claims are two of the key drivers of claim costs and both were positive influences on costs in 2006. As well, wage loss benefits paid on claims from previous years influence overall claim costs. At the end of 2006, a total of 16,319 time loss claims were being paid, a 1.6 per cent drop from the 16,587 claims being paid at the end of 2005.

With lower durations and fewer time loss claims paid, the total number of compensation days paid during the year decreased by 3.6 per cent, going from 566,599 days in 2005 to 546,453 days in 2006. The drop in days paid was mitigated by a 1.7 per cent increase in the wage loss paid per day of time loss claim. The net result was short-term wage loss of $60.1 million paid in 2006, which is slightly less than the $60.5 million paid in 2005.

Health care expenses in 2006 increased to $49.9

million, an 11.1 per cent increase over 2005 expenses of $44.9 million. There are two main reasons for this increase. First, WCB continues to invest more in treatment at the primary care level to help injured workers return to work as soon as medically possible. A link can be drawn between decreasing or stable short-term wage loss costs and increasing health care costs. The second reason for an increase in health care costs is increased service fees paid to health care providers for the services provided.

Vocational rehabilitation costs rose slightly in 2006 to $4.7 million, an increase of $0.4 million compared to 2005. As WCB continues to focus on returning injured workers back to work as soon as medically possible, the demand for vocational rehabilitation remains steady. As well, WCB continues to remain diligent in its efforts to ensure that only workers who truly require services are given the appropriate training, education, and modifications to their homes and workplaces.

Payments for long-term disability or earnings replacement and survivor benefits increased in 2006 to $55.4 million, compared to $52.4 million in 2005. While there were a net additional 15 workers converted to current Act long-term earnings replacement, this was mitigated by 74 fewer workers collecting pensions under the old Act in 2006. There was however, a net additional 164 workers collecting Independence Allowance and $1.2 million more paid out under Current Act spousal fatalities in 2006 because of an asbestos credit which was applied in 2005 and appeals accepted under Section 30 of the Act.

Benefits Liabilities

Benefits liabilities increased 7.1 per cent from $871.3 million to $933.2 million. $33.0 of this $61.9 million increase is driven by a number of claims related factors including increases in non-pension benefits,

Management Discussion and Analysis

long-term (including survivor) benefits, and the allowance for the administration of future claims. The remaining $28.9 million of the increase is due to changes in the economic assumptions used to calculate the benefits liabilities.

The WCB uses long-term economic and actuarial assumptions when determining future benefits and administration costs. In 2006, the WCB changed the assumptions that had been used in 2005 and previous valuations. The absolute rate of return was lowered from 7.0 per cent to 6.0 per cent while the real (or after inflation) rate of return was kept at 3.5 per cent. This means that future benefit payments are assumed to increase at an annual price inflation of 2.5 per cent, which is 1.0 per cent lower than the previous inflation rate of 3.5 per cent. At 2.5 per cent, the inflation rate is consistent with the range targeted by the Bank of Canada. The real rate of return of 3.5 per cent is determined by subtracting the inflation rate of 2.5 per cent from the absolute rate of return of 6.0 per cent. The cost of reducing the absolute rate of return from 7.0 per cent to 6.0 per cent was $14.8 million on non-indexed wage loss benefits.

Medical cost increases were kept at 5.0 per cent, which is 2.5 per cent higher than the assumed inflation rate of 2.5 per cent. Previously, medical cost increases were assumed to grow 1.5 per cent more than inflation. The cost of increasing the margin between medical cost inflation and general price inflation was

estimated to be $14.1 million. Wage growth is still expected to increase at 1.0 per cent above inflation. WCB considers these assumptions to be a realistic best estimate of future expectations.

Results of the Asset Liability Study revealed that over 95 per cent of liabilities are linked to inflation to some degree and this profile is not expected to change materially over the next 20 years. Therefore, it is important to have assets that provide a return above inflation over the long term. However, asset classes that provide returns above inflation are also asset classes that tend to exhibit higher volatility of returns. By reducing the rate of return to 6.0 per cent, the WCB can maintain an investment portfolio that is less volatile than would be required if the assumption remained at 7.0 per cent.

Most of the wage based benefits paid by WCB are expected to increase at the rate of inflation and will be discounted at the nominal rate. This means that most benefits, for the purpose of calculating the benefits liabilities, are determined using the 3.5 per cent real rate of return. However, pension awards for long-term disability and survivor benefits are subject to a ceiling based on the maximum wage rate prescribed under Section 38.1 of the Act. For the purpose of determining the present value of these future obligations that are capped by statutory limits, these obligations have been discounted using the nominal rate of return of 6.0 per cent per year.

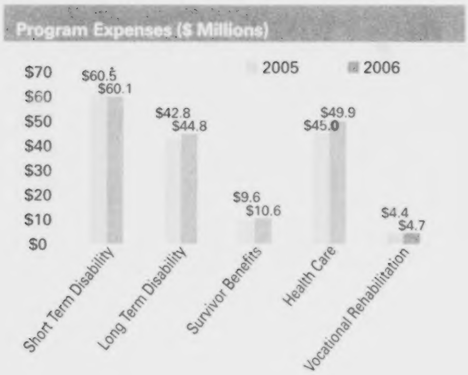
The benefits liabilities also contain an amount set aside to administer benefits in future years. The WCB has determined that the allowance for the expenses included in the liability valuation should be 4.8 per cent of the liability for long-term disability and survivor awards and 5.8 per cent of the liability for all other claims. This resulted in an increase of $0.3 million to the expense allowance for future

AWCBC Cross-Jurisdictional Key Statistical Measure Comparison
Provisional Average Assessment Rates per $100 Payroll 2002-2006

Jurisdiction	2002	2003	2004	2005	2006
AB	1.68	1.89	1.98	1.83	1.57
BC	1.90	1.92	1.91	1.86	1.90
MB	1.52	1.56	1.70	1.70	1.68
NB	1.90	2.07	2.20	2.19	2.14
NL	3.24	3.24	3.24	3.19	2.75
NS	2.54	2.54	2.57	2.65	2.65
NT/NU	1.18	1.60	1.91	1.87	1.87
ON	2.13	2.19	2.19	2.19	2.26
PE	2.29	2.39	2.39	2.33	2.23
QC	1.85	1.93	2.15	2.27	2.32
SK	1.67	1.83	2.05	1.97	1.84
YT	1.25	1.41	1.54	1.74	2.16

Taken from the AWCBC's Key Statistical Measures (www.awcbc.org)

Management Discussion and Analysis



benefits administration. Future benefits administration accounts for $45.8 million of the $933.2 million total benefits liabilities.

Administration Expenses

Administration costs rose in 2006 to $36.7 million from $35.9 million in 2005 before costs charged to Future Benefits Administration. This 2.2 per cent increase reflects a negotiated salary increase for staff and accompanying benefit increases and an early retirement program in effect until December 31, 2006. A $0.9 million decrease in amortization reflects lower development expenses in the information technology area as well as the full amortization of tenant improvements.

As the provincial injury rate continues to decline, the WCB and its ***WorkSafe Saskatchewan*** partner, Department of Labour, remain confident that expenditures to reduce the injury rate are paying dividends.

Expenditures on ***WorkSafe Saskatchewan*** increased slightly in 2006 as WCB continues its focus on prevention activities. As the provincial injury rate continues to decline, the WCB and its ***WorkSafe Saskatchewan*** partner, Department of Labour, remain confident that expenditures to reduce the injury rate are paying dividends through fewer injuries for workers and lower costs for employers.

Legislated Obligations

Under *The Workers' Compensation Act, 1979* (the Act), the WCB is obliged to fund the operations administered by the Department of Labour. In 2006, that funding amounted to $8.6 million, virtually the same as in 2005. Of the $8.6 million spent, $7.7 million ($7.8 million in 2005) was directed to the operation of the Occupational Health and Safety Division and $0.7 million ($0.7 million in 2005) to the Office of the Workers' Advocate.

In 2006, a Committee of Review, as outlined in Section 162 of the Act, was appointed to review and report on all matters concerning the legislation

and activities of the WCB. The committee completed its work in early 2007 and forwarded its report to the Minister of Labour. The cost of the Committee in 2006 was $0.25 million. It is anticipated that further costs will be incurred in 2007 as the Committee concludes its work.

Funding Strategy

The Asset Liability Study conducted by the WCB in 2006 was also done to review the funding strategy of the WCB. Specifically, the study assessed the effectiveness of the Accumulated Market Value Adjustments (AMVA) Reserve, reviewed the current reserves and commented on minimum reserve requirements, and identified potential alternative funding policy arrangements that may assist in maintaining more stable funding and premium levels.

With respect to the AMVA, the study concluded that it will contribute to smoother operating results over time and will reduce the potential for high funded ratios which may only be temporary when compared to full market value accounting.

The study reviewed and made recommendations for each of the existing reserves. The study found that the Second Injury and Re-employment Reserve is necessary because employers expect protection against the costs that can be generated from a second injury and workers expect support for re-employment. It also provides a buffer to absorb potential cost volatility from this source. Currently, there is $5.7 million in this reserve. The study

recommends a reserve in the range of 0.5 per cent to 1.0 per cent of the benefits liabilities would be appropriate. Based on this, the reserve level would be between $4.7 million and $9.3 million using the benefits liabilities amount of $933.2 million for 2006.

The study recommended that the Disaster and Occupational Disease Reserve be split into two reserves. The first, a Disaster Reserve would have two components: one for less severe disasters which meet the threshold outlined in the Act and one for rare but very severe disasters. The study contemplates a level of between 0.5 per cent and 1.0 per cent of benefits liabilities for the first component ($4.7 million to $9.3 million based on 2006 benefits liabilities) and 1.0 per cent of benefits liabilities for the second component ($9.3 million based on 2006 benefits liabilities).

With respect to the Occupational Disease Reserve, the study recommends that the WCB carry out an assessment of the potential obligations that could arise out of occupational diseases to get a better understanding of the risk involved. From experience, the authors of the study noted that a reserve for long latency claims could easily be in the range of 2 per cent to 5 per cent of total benefits liabilities or $18.7 to $46.7 million based on 2006 benefits liabilities. Consistent with this recommendation, $0.03 has been added to the average premium rate for 2007 to fund this increase in the reserve.

The study recommended that the current Economic Stabilization Reserve be addressed along with the Injury Fund as part of a comprehensive funding policy. This funding policy should set out a minimum and maximum funding level and the study gave several alternatives ranging from 100 per cent on the low end to 130 per cent on the high end of benefits liabilities. The Second Injury, Disaster, and Occupational Disease Reserves should be ignored in the calculation of this funding level.

A funding policy would outline pre-determined targets, triggers and amortization periods such that volatility in investment returns among other factors can be reduced over time. For example, if the WCB's funding level were less than 100 per cent, a surcharge on rates would be triggered to bring the funding level back to the 100 per cent target over a five-year period.

The Board of the WCB has been replenishing the Injury Fund over the last few years through a special charge on the rates. For 2006, an Economic Stabilization Reserve replenishment component was also added to the base premium rate. Of the $18.9 million operating surplus, $2.5 million was allocated to the Economic Stabilization Reserve, while the remaining $16.4 million stayed in the Injury Fund. Of the $16.4 million, $6.3 million was from the special charge on premium rates. The $21.0 million deficit in the Injury Fund at the end of 2005 was reduced by $16.4 million, leaving a deficit of $4.6 million at the end of 2006.

2006 Financial Report

WORKERS' COMPENSATION BOARD (SASKATCHEWAN)

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements are the responsibility of management and have been prepared in conformity with Canadian generally accepted accounting principles. The preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the WCB. Management maintains an extensive system of internal accounting controls to provide reasonable assurance that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis.

An independent actuary has been engaged to carry out a valuation of the benefits liabilities. The scope of their valuation and opinion are given in the Actuarial Certificate.

The financial statements have been examined and approved by the Board of Directors. The Board of Directors meets periodically with financial officers of the Board and the external auditors.

Deloitte & Touche LLP has been appointed external auditors to report to the Members of the Board regarding the fairness of presentation of the Board's financial position and results of operations as shown in the financial statements. In carrying out their audit, the external auditors place reliance on the work of the actuary and his report on the benefits liabilities. The Auditors' Report outlines the scope of their examination and their opinion.

Peter Federko, CA
Chief Executive Officer

Gail Kruger, CMA
Vice-President,
Prevention, Finance &
Information Technology

March 2, 2007

TO THE BOARD OF DIRECTORS OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD

We have completed an actuarial valuation as at December 31, 2006 of the liabilities for benefits payable in the future under the *Workers' Compensation Act* – Saskatchewan in respect of claims that occurred prior to the valuation date.

We have analyzed the claims data on which the valuation has been based and have performed tests to confirm the reasonableness of the data and its consistency with the data used for valuations in prior years. In our opinion, the claims data is sufficient and reliable for the purpose of the valuation.

The actuarial valuation of the benefits liability of $933,200,000 represents the actuarial present value at December 31, 2006 of all payments expected to be made in future years in respect of all claims occurring on or before December 31, 2006.

The valuation was based on the provisions of the *Workers' Compensation Act* in effect as of December 31, 2006 and reflected the legislated maximum wage rate. The benefits liability includes provision for claims arising in the future in respect of latent occupational diseases only to the extent that such claims have been experienced in the past. It also includes provision for future expenses relating to the administration of existing claims. Payments made by the Board on a self-insured basis are excluded from the valuation of the benefits liability.

The actuarial assumptions and methods employed in the valuation represent the best estimate of the Board's future obligations based on the provisions of the *Workers' Compensation Act* at the valuation date, the Board's current claims adjudication practices and administrative procedures and the pattern of claims costs experienced prior to the valuation. In our opinion, for the purposes of the valuation, the actuarial assumptions are appropriate and the methods employed are consistent with sound actuarial principles.

Our actuarial report has been prepared and our opinions have been given in accordance with accepted actuarial practice.

Hewitt Associates

Peter M. Muirhead
Fellow, Canadian Institute of Actuaries

March 2, 2007

Auditors' Report

Deloitte.

Deloitte & Touche LLP
900 - 2103 11th Ave
Bank of Montreal Building
Regina SK S4P 3Z8
Canada

Tel: 306-565-5200
Fax: 306-757-4753
www.deloitte.ca

AUDITORS' REPORT

To the Members of
Saskatchewan Workers' Compensation Board

We have audited the statement of financial position of the Saskatchewan Workers' Compensation Board as at December 31, 2006 and the statements of operations, surplus (deficiency in assets) and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Workers' Compensation Board as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
Regina, Saskatchewan

March 2, 2007

A member firm of
Deloitte Touche Tohmatsu

Statement of Financial Position

As at December 31, 2006

	2006	2005
	(thousands of dollars)	
Assets		
Cash and cash equivalents (note 3)	$ 62,956	$ 61,513
Accounts receivable (note 4)	36,593	20,158
Accrued interest	4,876	3,665
Investments (note 5)	1,191,137	1,049,619
Property, plant and equipment (note 6)	16,529	17,287
	$ 1,312,091	$ 1,152,242
Liabilities		
Accounts payable and accrued liabilities (note 7)	$ 25,965	$ 18,587
Benefits liabilities (note 9)	933,200	871,332
Annuity fund payable	141,254	127,125
	1,100,419	1,017,044
Surplus - per accompanying statement	211,672	135,198
	$ 1,312,091	$ 1,152,242

See accompanying notes to financial statements.

On behalf of the Board:

John Solomon
Chairman

Karen Smith
Board Member

Walter Eberle
Board Member

Statement of Operations

Year ended December 31, 2006

	2006	2005
	(thousands of dollars)	
Revenues:		
Premiums (note 11)	$ 221,240	$ 212,002
Investment income (note 5)	87,525	54,810
	308,765	266,812
Expenses:		
Claim costs (note 9)	241,112	205,900
Administration (Schedule 1)	27,527	27,095
Annuity interest	12,639	8,305
Department of Labour (note 8)	8,599	8,546
	289,877	249,846
Net operating surplus	$ 18,888	$ 16,966

See accompanying notes to financial statements.

Statement of Surplus (Deficiency in Assets)

Year ended December 31, 2006

	2006				2005
	Funded Reserves (note 10)	Injury Fund	Accumulated Market Value Adjustments	Total	Total
			(thousands of dollars)		
BALANCE, beginning of year	$ 28,463	$ (21,025)	$ 127,760	$ 135,198	$ 52,706
Net operating surplus	–	18,888	–	18,888	16,966
Net unrealized gains (losses) from equities, bonds and pooled funds	–	–	99,781	99,781	89,641
Net realized (gains) losses from equities, bonds and pooled funds	–	–	(42,195)	(42,195)	(24,115)
	–	18,888	57,586	76,474	82,492
Appropriation of funds to the Economic Stabilization Reserve	2,512	(2,512)	–	–	–
Appropriation to fund allocations to employers	24,544	(24,544)	–	–	–
Allocations to employers	(24,544)	24,544	–	–	–
BALANCE, end of year	$ 30,975	$ (4,649)	$ 185,346	$ 211,672	$ 135,198

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended December 31, 2006

	2006	2005
	(thousands of dollars)	
OPERATING ACTIVITIES		
Cash received from:		
Premiums	$ 221,584	$ 220,998
Dividends and interest	42,594	31,598
	264,178	252,596
Cash paid to:		
Claimants, or third parties on their behalf	170,756	160,523
Employees and suppliers, for administrative and other goods and services	36,617	33,972
Department of Labour and safety associations	12,553	11,583
	219,926	206,078
Net cash provided by operating activities	44,252	46,518
INVESTING ACTIVITIES		
Cash received from:		
Sale and maturity of investments	1,072,925	1,393,880
Disposal of property, plant and equipment	–	8,893
	1,072,925	1,402,773
Cash paid for:		
Purchase of investments	1,112,738	1,423,645
Purchase of property, plant and equipment	2,996	2,601
	1,115,734	1,426,246
Net cash used in investing activities	(42,809)	(23,473)
Increase in cash during the year	1,443	23,045
Cash and cash equivalents, beginning of year	61,513	38,468
Cash and cash equivalents, end of year	$ 62,956	$ 61,513

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2006

1. Status of the Board:

The Workers' Compensation Board (the Board) operates under the authority of *The Workers' Compensation Act, 1979* (the Act).

In accordance with the provisions of the Act, the Board's purpose is to provide workers' compensation insurance to workers who are injured in the course of their employment.

2. Significant Accounting Policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management believes its estimates and assumptions are appropriate; however, actual results could differ from the amounts estimated.

The Board's significant accounting policies are summarized as follows:

Cash and Cash Equivalents

(i) Cash and cash equivalents consists of cash and money market instruments which will be liquidated in the near term to fund operations.

(ii) Cash equivalents are recorded at cost which approximates fair value.

Investments

(i) Bonds and debentures, equities, pooled equity funds, pooled bond funds and short-term holdings are carried at fair value based on closing bid price. These investments have been designated as available-for-sale. Realized gains and losses are recorded in operations when realized. Unrealized gains and losses are included in the Accumulated Market Value Adjustments until they are realized. A permanent impairment of an investment is recognized into income immediately. Interest, dividend and other investment income are recognized in the period earned.

(ii) Real estate investments are recorded at cost.

(iii) Transactions in bonds and equities are recorded as of the trade date.

Notes to Financial Statements

Property, Plant and Equipment

Property, plant and equipment is recorded at cost and is amortized over the estimated useful lives of the assets. Amortization is recorded on a straight-line basis, at the following rates:

Building	2.50%
Leasehold improvements	6.67%
Office furnishings	10.00%
Computer equipment	25.00%
Software development	33.33%

Premium Revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is receivable by instalments within the current year. At year-end, premium income is adjusted based on a review of the employers' actual payrolls. Premium revenue is impacted by discounts or surcharges which are applied to the employers' industry premium rate through the Board's Experience Rating Program.

Benefits Liabilities

The benefits liabilities are determined annually by an actuarial valuation which establishes the amount of this provision for future payments and the future cost of administering claims relating to claims incurred on or before December 31. The provision at December 31, 2006 has been determined by estimating future benefits payments in accordance with the Board's administrative policies and practices in effect at December 31, 2006.

Benefits liabilities do not include any provision for payment of claims relating to the Government of Canada, as they are a self-insured employer. Also, no provision has been made for future claims relating to occupational diseases and injuries that are not currently considered to be work-related.

Annuity Fund Payable

The annuity fund is established pursuant to sections 74 and 83(5) of the Act. An additional 10% of eligible benefits paid are set aside in the fund to compensate injured workers and dependent spouses for the loss of retirement income due to a workplace injury. The fund earns interest based on an internally calculated rate of return. At age 65 the client must provide direction to the Board for the disposition of these funds.

All future costs, excluding interest, are provided for as part of benefits liabilities.

Notes to Financial Statements

Foreign Currency Translation

Transactions denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the transaction. Foreign currency gains and losses derived from investments are recorded in the same manner as other investment gains and losses.

Employee Future Benefit Plans

The cost of pensions and other retirement benefits earned by employees is determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and future pension indexing. The discount rate used to determine the accrued benefit obligation is determined with reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. For purposes of calculating the expected return on plan assets, those assets are valued at fair value. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of the plan assets is amortized over the average remaining service life of active employees. The net transitional asset, calculated on the adoption of the change in accounting standards for employee future benefit plans, is being amortized over the average remaining service life. Pensions will be increased annually by the lesser of 2.50% or 50% of the Consumer Price Index in the immediately preceding year.

For the defined contribution plan, employee contributions are matched by the Board and expensed in the period made.

Accumulated Market Value Adjustments

The Accumulated Market Value Adjustments fund was created to record the accumulated unrealized gains and losses on investments held at the year-end date. The balance of this fund will have no limit and will not be considered in the determination of the funded status of the Board. In addition, this fund's balance will not be considered for determining premium rates or rebates and will not be considered as available for benefit enhancements.

3. Cash Equivalents:

All cash equivalents are in Canadian securities. These investments are maturing in the near term for operating purposes and have an aggregate fair value of $63,302,000 (2005 - $60,057,000) and are comprised of notes and commercial paper with effective interest rates of 4.28% to 4.48% (2005 - 3.30% to 4.50%).

Notes to Financial Statements

4. Accounts Receivable:

	2006	2005
	(thousands of dollars)	
Premiums	$ 14,423	$ 10,419
Accrued investment sales	10,651	337
Net accrued pension benefit asset (note 12)	6,762	6,433
Other	4,757	2,969
	$ 36,593	$ 20,158

Accounts receivable at December 31 include an estimate of the annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management's best information and judgment, having regard to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Board, the recorded premium revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

Accrued investment sales represent transactions traded in December, 2006 but not settled until January, 2007.

Accounts receivable are net of an allowance for doubtful accounts of $1,872,000 (2005 - $1,435,000).

5. Investments:

(a) The investments are comprised of the following:

	2006	2005
	(thousands of dollars)	
Bonds and debentures	$ 441,747	$ 381,989
Pooled bond fund	33,956	32,395
Equities	420,516	369,880
Pooled equity funds	193,956	154,531
Real estate	72,682	62,648
Short-term holdings	28,280	48,176
	$ 1,191,137	$ 1,049,619

Notes to Financial Statements

Details of significant terms and conditions, exposures to interest rate and credit risks on investments are as follows:

(i) Bonds and debentures:

	2006 COUPON RATES (% RANGE)	2005 COUPON RATES (% RANGE)
Government of Canada	0-8.00%	2.75-8.00%
Provincial Securities	4.35-8.75%	4.40-8.00%
Corporate Securities	3.75-8.29%	3.49-9.00%

The fair value is shown by contractual maturity. Actual maturity may differ from contractual maturity because certain counterparties have the right to call or prepay certain obligations with or without call or prepayment penalties.

TERM TO MATURITY	2006 FAIR VALUE	2005 FAIR VALUE
	(thousands of dollars)	
Government of Canada Securities		
One through five years	$ 104,634	$ 106,783
After five years	92,569	59,521
Provincial Securities		
One through five years	10,884	13,756
After five years	95,889	82,502
Corporate Securities		
One year or less	–	3,030
One through five years	83,726	54,105
After five years	54,045	62,292
	$ 441,747	$ 381,989

(ii) Equities and pooled equity funds:

The Board's investments in equities and pooled equity funds have no fixed maturity dates and are generally not exposed to interest rate risk.

The Board has an investment of $78,810,000 (2005 - $64,509,000) in a pooled equity fund for Europe, Asia and the Far East representing 4.91% (2005 - 5.07%) of the pooled fund's total units. The Board also has an investment of $115,146,000 (2005 - $90,022,000) in a pooled global equity fund representing 10.04% (2005 - 10.22%) of the pooled fund's total units.

Notes to Financial Statements

(iii) Pooled bond fund

The Board's investment of $33,956,000 (2005 - $32,395,000) in a Canadian corporate pooled bond fund has no fixed maturity date. The investment represents 23.26% (2005 - 14.16%) of the pooled fund's total units.

(iv) Real estate:

All of the Board's real estate holdings are in Canadian commercial property.

(b) Net investment income was derived from the following sources:

	2006	2005
	(thousands of dollars)	
Cash and cash equivalents	$ 2,632	$ 1,540
Bonds, debentures and pooled bond fund	17,403	27,009
Equities and pooled equity funds	59,066	22,697
Real estate	8,924	4,822
Short-term holdings	1,793	760
Investment expenses	(2,293)	(2,018)
	$ 87,525	$ 54,810

(c) Market Risk

The Board invests in publicly traded equities and bonds available on domestic and foreign exchanges and in privately traded pooled equity and bond funds. These securities are affected by market changes and fluctuations. The Board does not use derivative financial instruments to alter the effects of these market changes and fluctuations. The Board limits its investment concentration in any one investee or related group of investees to 10% of the investee's share capital. In addition, no one holding can represent more than 10% of the market value of the Board's equity portfolio. Investment in pooled funds shall not exceed 10% of the market value of that pooled fund unless provision has been made to transfer assets out of the fund in kind.

(d) Credit Risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument may fail to meet its obligations. Therefore, the Board's investment policy sets minimum quality standards. The policy allows for a maximum of 15% to be invested in BBB rated bonds and the remainder of the bonds must be rated A or higher. For cash equivalents, the minimum quality standard is R-1. The Board does not anticipate that any issuers will fail to meet their obligations.

Notes to Financial Statements

(e) Interest Rate Risk

Fluctuations in interest rates can impact the market value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-income portfolio within predetermined prudent policy limits.

(f) Real Estate Risk

Risk in the real estate portfolio is managed through diversification across real estate types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

(g) Foreign Exchange Risk

The Board has certain investments denominated in foreign currencies. During 2006 the Board did not undertake hedging strategies to mitigate currency risk of foreign equities and currency influenced short-term returns. The Board limits its holdings in foreign equities to 27% of the investment portfolio. As at December 31, 2006, the Board's holdings in foreign equities and pooled equity funds had a fair value of $264,679,000 (2005 - $224,024,000) representing 20.7% (2005 - 20.2%) of the fair value of the total investment portfolio, including cash equivalents.

6. Property, Plant and Equipment:

	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE 2006	NET BOOK VALUE 2005
			(thousands of dollars)	
Land	$ 1,375	$ –	$ 1,375	$ 1,375
Building	14,965	5,909	9,056	9,470
Leasehold improvements	6,132	2,735	3,397	3,023
Office furnishings	4,339	4,238	101	509
Computer equipment	12,254	11,420	834	634
Software development	30,642	28,876	1,766	2,276
	$ 69,707	$ 53,178	$ 16,529	$ 17,287

Notes to Financial Statements

7. Accounts Payable and Accrued Liabilities:

	2006	2005
	(thousands of dollars)	
Accrued investment purchases	$ 8,559	$ 728
Occupational Health & Safety	7,674	7,765
Employee benefits liability	4,266	4,075
Premium refunds	2,489	3,383
Other payables	2,300	1,855
Worker's Advocate	677	688
Education and Training	–	93
	$ 25,965	$ 18,587

8. Department of Labour Expense:

Section 117(g), (h) and (i) of the Act allows the Board to expend monies for the cost of administration of the industrial safety program; the expenses, including salaries and remuneration, of the office of the Worker's Advocate; and the expenses of any Committee of Review established under the Act.

	2006	2005
	(thousands of dollars)	
Occupational Health & Safety	$ 7,674	$ 7,765
Worker's Advocate	677	688
Committee of Review	248	–
Education and Training	–	93
	$ 8,599	$ 8,546

The Education and Training program was discontinued March 31, 2005. The expense for 2005 for this item reflects costs for the period from January 1 to March 31, 2005.

9. Benefits Liabilities and Claim Costs Expense:

Benefits liabilities represent an actuarially determined provision for future benefits payments and administration costs arising from both reported and unreported claims resulting from work related injuries that occurred on or before December 31, 2006.

Benefits liabilities are determined in accordance with standards established by the Canadian Institute of Actuaries. Future benefits payments have been discounted to their present value by applying a real interest rate of 3.5% per annum. The determination of the future benefits payments involves applying economic and actuarial assumptions and methods, based on past experience,

Notes to Financial Statements

modified for current trends. As these assumptions may change over time to respond to economic conditions or administrative policies and practices, it is possible that such changes could cause a material change to the actuarial present value of future benefits.

Long-term economic and actuarial assumptions and methods are reviewed annually, prior to the independent actuarial valuations. The following long-term economic assumptions were used in the actuarial valuation of the benefits liabilities.

	2006	2005
Inflation	2.5%	3.5%
Real future growth in gross wages	1.0%	1.0%
Real future increase in health care costs	2.5%	1.5%

Adjustments, if any, resulting from the continuous review of entitlements and experience or from changes in legislation and actuarial assumptions or methods are recorded in the current year as claim costs expense together with the actuarial cost of claims for reported and unreported work related injuries that occurred during the year.

Benefits Liabilities Continuance Schedule

	2006							2005
	Short Term Disability	Long Term Disability	Survivor Benefits	Health Care	Vocational Rehabilitation	Future Benefits Administration	Total	Total
	(thousands of dollars)							
BALANCE, beginning of year	$147,729	$428,205	$ 82,310	$141,775	$ 28,522	$ 42,791	$871,332	$836,507
ADD: Claim costs incurred:								
Current year injuries	59,037	27,239	3,140	48,032	4,323	7,863	149,634	141,039
Prior years' injuries	(5,001)	60,663	5,792	26,440	(716)	4,300	91,478	64,861
	54,036	87,902	8,932	74,472	3,607	12,163	241,112	205,900
DEDUCT: Claim payments made:								
Current year injuries	23,421	538	262	20,166	352	2,565	47,204	41,421
Prior years' injuries	36,636	44,227	10,358	29,744	4,369	6,606	131,940	129,654
	60,057	44,765	10,620	49,910	4,721	9,171	179,244	171,075
BALANCE, end of year	$141,708	$471,342	$ 80,622	$166,337	$ 27,408	$ 45,783	$933,200	$871,332

Notes to Financial Statements

The table below shows the cash flows anticipated to pay benefits to existing claimants in future years. The estimated cash outflows are the present value of future amounts forecast to pay benefits and have been determined using the above long-term assumptions.

	(thousands of dollars)
2007 - 2011	$ 450,056
2012 - 2016	217,174
2017 - 2021	123,064
2022 - 2026	68,602
2027 - 2031	36,887
2032 and beyond	37,417
	$ 933,200

The following is a reconciliation of the claim benefit liabilities:

	2006	2005
	(thousands of dollars)	
BALANCE, beginning of year	$ 871,332	$ 836,507
ADD:		
Change in actuarial assumptions	28,913	–
Provision for current year injuries	149,634	141,039
Interest allocated	60,687	58,163
Prior years' claim cost experience higher than expected	16,295	18,357
Effect of actual cost of living adjustment lower than expected	(14,417)	(11,659)
	241,112	205,900
DEDUCT:		
Benefit payments	170,073	162,244
Claim adjudication expense	9,171	8,831
	179,244	171,075
BALANCE, end of year	$ 933,200	$ 871,332

Sensitivity of Actuarial Assumptions

The benefits liability is calculated based on actuarial assumptions. Changes in these assumptions can cause significant changes in the benefits liabilities. This sensitivity is illustrated as follows.

The actuarial assumption most sensitive to change is the assumed investment return of 6.0 percent. The approximate impact of a 0.5 percent decrease in the assumed investment return would have been a $30,224,000 increase in the benefits liabilities.

Notes to Financial Statements

A 10.0 percent decrease in the number of lost time injuries in the current year would have decreased benefit liabilities by approximately $13,134,000.

Health Care benefit liabilities are calculated assuming a future rate of escalation of health care costs of 5.0 percent per year. A 0.5 percent increase in the escalation factors used for future health care costs would increase benefits liabilities by approximately $7,937,000.

Calculation of the benefit liabilities for the loss of earnings benefit utilizes Saskatchewan WCB injured worker claim termination experience. A flat reduction of 5.0 percent in these termination rates would increase benefit liabilities by approximately $8,759,000.

Calculation of the benefit liabilities for long-term disability and survivor benefits was based on Saskatchewan mortality experience. A flat reduction of 5.0 percent in these mortality rates would increase benefits liabilities by approximately $2,314,000.

10. Funded Reserves:

	2006				2005
	Disaster & Occupational Disease	Second Injury & Re-employment	Economic Stabilization Reserve	Total	Total
	(thousands of dollars)				
BALANCE, beginning of year	$ 22,770	$ 5,693	$ –	$ 28,463	$ 28,463
Appropriation of funds to the Economic Stabilization Reserve	–	–	2,512	2,512	–
Appropriation to fund allocation to employers	11,628	12,916	–	24,544	24,181
Allocations to employers	(11,628)	(12,916)	–	(24,544)	(24,181)
BALANCE, end of year	$ 22,770	$ 5,693	$ 2,512	$ 30,975	$ 28,463

To maintain a funded status that is consistent with the statutory requirements of the Act, the Board has established the following reserves to ensure the maintenance of a fully funded position:

a) The Disaster and Occupational Disease Reserve was created to provide all employers with cost relief in the event of a disaster. Additionally, this reserve will also cover costs that may arise from latent occupational diseases where exposure today may result in the establishment of a future claim.

b) The Second Injury and Re-employment Reserve was established to provide employers with cost relief on claims that were attributed to an earlier injury and to assist in facilitating return to work through retraining.

c) The Economic Stabilization Reserve was created to ensure sufficient funds are available to meet required benefit levels and to reduce the magnitude of fluctuations in the average premium rate.

Notes to Financial Statements

11. Premiums:

	2006	2005
	(thousands of dollars)	
Premiums	$ 226,162	$ 217,737
Premiums dedicated to replenishment of the Injury Fund	6,280	5,724
Premiums dedicated to replenishment of the Economic Stabilization Reserve	2,512	–
Experience Rating Program - Discounts	(21,076)	(19,050)
Experience Rating Program - Surcharges	11,374	11,040
Industry safety associations	(4,012)	(3,449)
	$ 221,240	$ 212,002

Beginning in 2004, the Board added 2.6% to the premium rate to replenish the $79,830,000 deficit in the Injury Fund as at December 31, 2003 over a fifteen year period. The amount collected for this purpose is equal to $6,280,000 for 2006 ($5,724,000 for 2005). As the deficit is reduced through operating surpluses, the amortization period will be reduced.

The Board levies an additional premium on certain industry codes to collect funds which are in turn disbursed to the safety associations representing those industries. In 2006, funds were collected on behalf of and disbursed to the Saskatchewan Forest Industries Safety Association Inc., Heavy Construction Safety Association of Saskatchewan Inc., Saskatchewan Construction Safety Association Inc., Service & Hospitality Safety Association of Saskatchewan Inc., Prairie Implement Manufacturers Association, Saskatchewan Association of Health Organizations, C6 Safety Association of Saskatchewan Inc. and Saskatchewan Meat Industry Safety Association.

The Government of Canada is a self-insured employer whose claims are administered by the Board. The Government reimburses the Board for all claims paid out on their behalf plus an administration fee. Gross premiums reported are net of amounts received from the Government of Canada and accordingly claim costs do not include self-insured claims. Monies paid to the Board for reimbursement of these claims are reflected in the Statement of Cash Flows as cash received from premiums and monies paid out relating to these claims are recorded as cash paid out to claimants or third parties on their behalf.

The Experience Rating Program was introduced in 2005 to provide an incentive for employers to emphasize safety and injury prevention in the workplace. Based on an analysis of an employer's claim history over a three year period, the experience rate is calculated at the same time as annual rates and applied to the employer's base industry premium rate for the following year. Employers may receive discounts off their premiums for good claims records or may be surcharged for their poor claims records.

Notes to Financial Statements

12. Employee Future Benefits:

The Board sponsors defined benefit and defined contribution pension arrangements covering all employees. The Board uses actuarial reports prepared by an independent actuary for accounting purposes. The net defined benefit plan revenue is based on an extrapolation of the results revealed in the most recent actuarial valuation of the pension plan as at January 1, 2005. The following significant actuarial assumptions were employed to determine the periodic pension revenue and accrued benefit obligations:

	2006	2005
Expected long-term rate of return on plan assets	5.00%	5.00%
Discount rate	5.00%	5.00%
Average rate of compensation increase	3.25%	1% for 2006, 3.25% thereafter
Average remaining service period	2.56 years	3.56 years
Inflation	2.25%	2.25%

Net benefit plan revenue is as follows:

	2006	2005
	(thousands of dollars)	
Current service cost - defined benefit	$ 301	$ 330
Interest cost	1,518	1,597
Expected return on plan assets	(1,760)	(1,936)
Amortization of net actuarial loss	490	227
Amortization of net transitional asset	(878)	(878)
Net benefit plan revenue	$ (329)	$ (660)

Notes to Financial Statements

Information about the Board's defined pension benefit plan is as follows:

	2006	2005
	(thousands of dollars)	
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	$ 30,583	$ 26,720
Current service cost - employer share	301	330
Current service cost - employee share	111	122
Interest cost	1,518	1,597
Actuarial loss	1	2,930
Benefits paid	(1,271)	(1,116)
Accrued benefit obligation, end of year	$ 31,243	$ 30,583
Plan Assets		
Fair value of plan assets, beginning of year	$ 35,778	$ 32,757
Expected return on plan assets	1,760	1,936
Employer contributions	–	–
Employee contributions	111	122
Benefits paid	(1,271)	(1,116)
Actuarial gain	2,373	2,079
Fair value of plan assets, end of year	38,751	35,778
Plan surplus	7,508	5,195
Unamortized net actuarial loss	2,460	5,322
Unamortized net transitional asset	(3,206)	(4,084)
Net accrued pension benefit asset	$ 6,762	$ 6,433

The following table presents the current total fund benchmark and asset component ranges, based on market values.

	Minimum	Benchmark	Maximum
	%	%	%
Equities:			
Canadian equities	10	25	40
Foreign equities	10	25	35
Fixed Income:			
Bonds	30	45	60
Mortgages	0	0	5
Short-term investments	0	5	30

During the year, the Board incurred costs of $1,414,000 (2005 - $1,326,000) related to its defined contribution plan.

Notes to Financial Statements

13. Related Party Transactions:

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Board by virtue of common influence by the Government of Saskatchewan.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

These transactions, and amounts outstanding at year-end, are as follows:

	2006	2005
	(thousands of dollars)	
Premium revenue	$ 43,686	$ 44,748
Claim costs	15,026	11,532
Accounts payable	8,599	8,569
Investments	6,473	5,833
Administration expenses	1,409	1,244
Investment income	383	643
Accounts receivable	7	42

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Notes to Financial Statements

14. Fair Value of Financial Assets and Liabilities:

The following methods and assumptions were used to estimate the fair value of each class of financial assets and liabilities:

(i) For the following financial assets the fair values are determined with reference to quoted market values on recognized stock exchanges, based on the closing bid price.

a) bonds and debentures

b) equities

c) short-term holdings

The fair value of the pooled bond fund and pooled equity funds is determined by the market value of the underlying investments.

(ii) The carrying value of accounts receivable, accrued interest, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

(iii) It is not practical to determine the fair value of the benefits liabilities due to their long-term nature. The Board does not intend to settle these liabilities in the near term and there is no ready market to determine their fair value.

(iv) The carrying value of the annuity fund payable approximates its fair value at December 31, 2006.

15. Contingencies:

Due to the size, complexity and nature of the Board's operations, various legal matters are pending. In the opinion of management, these matters will not have a material effect on the Board's financial position or results of operations.

16. Comparative Figures:

Certain comparative figures have been reclassified to conform to the current year's presentation.

Schedule 1 - Administration Expenses

Year ended December 31, 2006

	2006	2005
	(thousands of dollars)	
Salaries and employee benefits	$ 26,988	$ 25,301
Amortization of property, plant and equipment	3,893	4,801
Building operations	1,229	795
WorkSafe Saskatchewan	1,185	1,145
Communications and postage	965	935
Computer processing	813	949
Travel and automobile expenses	808	831
Printing, stationery and office supplies	699	758
Consulting services	618	681
Professional services	503	497
Office rental	433	412
Miscellaneous	237	660
Market research	127	–
	38,498	37,765
Less:		
Assessment penalties	944	919
Fees charged to self-insurers	856	920
	36,698	35,926
Less:		
Administration costs charged to Future Benefits Administration (note 9)	9,171	8,831
	$ 27,527	$ 27,095

Exhibit 1: Statement of Investments
(Unaudited)

Year ended December 31, 2006

Security	Par Value	Carrying Value
	(thousands of dollars)	
Discount Notes and Treasury Bills (classified as long term investments)	$ 28,871	$ 28,280
Government of Canada	197,550	197,203
Province of British Columbia	10,687	13,578
Province of Manitoba	6,216	7,155
Province of New Brunswick	6,161	6,371
Province of Newfoundland & Labrador	3,439	3,614
Province of Nova Scotia	5,437	5,915
Province of Ontario	25,304	28,718
Province of Quebec	17,516	19,160
Province of Saskatchewan	5,223	6,473
55 School Board Trust	1,422	1,684
Alberta Capital Fin Authority	6,810	6,815
Municipal Finance Authority British Columbia	3,534	3,599
Ontrea Inc.	3,447	3,691
Aeroports De Montreal	731	864
Alliance Pipeline	1,726	2,078
Bank of Montreal	4,335	4,422
Bank of Nova Scotia	4,318	4,318
BC Ferry Services Inc.	1,249	1,336
Bell Alliant Regl. Comm. L.P.	2,257	2,262
Borealis Infrastructure Trust	2,306	2,475
Canada Housing and Mortgage Corp.	7,069	7,073
Canada Housing Trust	50,083	50,500
Canadian Imperial Bank of Commerce	4,494	4,480
Cards II Trust	844	846
Citigroup Finance Canada Inc.	2,705	2,699
Column Canada	1,006	1,069
Epcore Utilities	1,020	1,046
Farm Credit Corp.	2,860	2,932
Fortisalberta Inc.	927	1,074
GE Capital Canada Funding Co.	5,209	5,279
Genesis Trust Power Line of Credit	1,024	1,021
Glacier Credit Card Trust	2,393	2,399
Golden Credit Card	1,513	1,509
Goldman Sachs Group Inc.	2,694	2,764
Greater Toronto Airports Auth.	1,401	1,417
HSBC Financial Corp.	1,798	1,779
Investors Group Inc.	1,917	2,094
Manitoba Telecom Services	1,245	1,267
Merrill Lynch	5,708	5,992
Met Life Global Funding	1,633	1,662
Milit Air Inc.	1,439	1,560
N - 45 Degrees 1st CMBS Iss Corp.	834	883
National Bank	3,092	3,091
New York Life	1,426	1,446
Royal Bank of Canada	3,515	3,708
Sun Life Financial Inc.	1,844	1,857
Telus Corp.	1,297	1,311
Toronto Dominion Bank	3,534	3,507
TransCanada Pipelines Ltd.	1,309	1,777
Wells Fargo Financial Canada Corp.	1,965	1,974
KBSH Canadian Corporate Bond Fund		33,956

Security	Par Value	Carrying Value
	(thousands of dollars)	
Templeton Global Equity Trust		115,146
Greystone EAFE Plus Fund		78,810
Alcan Inc.		6,297
Alimentation Couche - Tard Inc.		6,488
Alliance Atlantis Communications Inc.		761
Bank of Nova Scotia		20,405
Barrick Gold Corp.		8,173
Brookfield Asset Mgt.		10,391
Brookfield Properties Corp.		3,477
CAE Inc.		3,707
Cameco Corp.		11,947
Canadian Imperial Bank of Commerce		13,281
Canadian National Railway		12,257
Duvernay Oil Corp.		3,563
Encana Corporation		5,675
Finning Int'l Inc.		6,727
First Quantum Minerals Ltd.		3,387
Gildan Activewear Inc.		3,876
Goldcorp Inc.		14,381
Home Capital Group Inc.		2,150
Hudbay Minerals Inc.		421
Husky Energy Inc.		11,921
Lionore Mining International Ltd.		1,884
MacDonald Dettwiler & Associates		4,160
Manulife Financial Capital Trust		23,716
National Bank		6,534
Nexen Inc.		10,362
Pan American Silver Corp.		1,506
Power Corp. of Canada		15,209
Research In Motion Ltd.		12,896
Rogers Communications Inc.		13,904
Rona Inc.		3,561
Royal Bank of Canada		24,699
Shaw Communications Inc.		5,219
Shoppers Drug Mart Corp.		12,631
SNC-Lavalin Group Inc.		6,271
Suncor Energy Inc.		11,810
Talisman Energy Inc.		1,771
Teck Cominco Ltd.		13,223
Telus Corp.		11,594
Tim Hortons Inc.		6,639
TransAlta Corp.		130
TransCanada Corp.		9,624
Trican Well Services Co. Ltd.		3,165
Amgen Inc.		2,349
Apple Computer Inc.		1,757
AT&T Inc.		2,349
Bank of America Corp.		2,480
Burlington Northern Santa Fe		2,166
Capital One Financial Co.		1,415
Cisco Systems Inc.		2,348
Citigroup		2,686
Coach Inc.		2,447

Security	Par Value	Carrying Value
		(thousands of dollars)
Exelon Corp.		1,053
Exxon Mobil Corp.		2,429
Forest Laboratories Inc.		1,325
FPL Group Inc.		1,053
Franklin Resources Inc.		2,552
General Electric Co.		2,548
Gilead Sciences Inc.		1,480
Google Inc.		1,716
Home Depot Inc.		1,426
International Business Machines Corp.		2,243
Inventiv Health Inc.		875
Kellogg Co.		1,774
Lockheed Martin Corp.		161
McGraw Hill Cos. Inc.		1,592
Merrill Lynch		2,819
Microsoft Corp.		1,034
Nabors Industries Ltd.		831
Nordstrom Inc.		1,952
Occidental Pete Corp.		1,733
Omnicom Group Inc.		1,555
Pepsico Inc.		2,175
Pfizer Inc.		1,172
Phelps Dodge Corp.		1,186
Praxair Inc.		1,575
Procter & Gamble Co.		2,355
Quest Diagnostic Inc.		789
Schlumberger Ltd.		1,325
Textron Inc.		1,790
Unitedhealth Group Inc.		1,049
US Bancorp Del		1,776
Valero Energy Corp.		1,397
Wachovia Corp.		1,986
3100 Production Way		2,723
3131 St. Martin Equities		1,040
410 & 7 Equities Inc.		2,319
50 Bloor Street West		3,134
5800-5900 Explorer Drive Mississauga		2,496
Airways III		2,757
Aset Properties Inc.		3,063
Bramalea City Centre		1,820
Brampton Business Park		2,571
Bridgeport Road Equties Inc.		1,767
Broadway Equities Inc.		928
Carrefour Lachenaie		1,918
CN Convention Centre		618
Colebrook 152 Holdings Inc.		1,613
Commerce Valley Office		1,666
Cordova Equities Inc.		2,264
Crossroads Shopping Centre		531
Eskimo Equities Inc.		367
FP Equities Inc.		1,187
Glenwood Estates		970
GPMI - Kitchener		209

Security	Par Value	Carrying Value
		(thousands of dollars)
Great Plains Industrial Alberta		739
Hewlett - Packard		4,396
IPSCO Land Development		478
Key West		2,298
KS Equities Inc.		1,955
Marine Drive		706
Milton Lands		399
Pensionfund Realty Ltd.		1
Peregrine - Airport Equities Ltd.		404
Peregrine - Broadway		487
Peregrine - Waverley		350
Peregrine - Westview Manitoba		271
Portland Street		1,702
Quance Equities Inc.		996
Rodick Equities Inc.		2,048
Rutherford Properties Ltd.		2,161
Seven Oaks Equities Inc.		2,340
Sherwin Road Industrial Park		826
Shoppers World		1,209
Silver Seven Equities Inc.		1,548
Sunrise Town Square		612
T.V. Equities Inc.		1,285
Tilbury Island Equities		943
Twin Equities Inc.		1,534
University Equities		1,378
Victoria Gate		649
West Island Equities Inc.		2,293
Westhills Equity Inc.		1,138
Westside Equities Inc.		1,008
Wireless Way Equities Inc.		567
	$ 456,337	$ 1,191,137

Security	Par Value	Carrying Value
		(thousands of dollars)
Discount Notes and Treasury Bills (classified as long term investments)	$ 28,871	$ 28,280
Government of Canada Bonds	197,550	197,203
Provincial Government Bonds	95,196	106,773
Corporate Bonds	134,720	137,771
KBSH Canadian Corporate Bond Fund	–	33,956
	456,337	503,983
Templeton Global Equity Trust		115,146
Greystone EAFE Plus Fund		78,810
Canadian Equities		349,793
American Equities		70,723
		614,472
Real Estate (at carrying amount)	–	72,682
	$ 456,337	$ 1,191,137

Exhibit 2: Statement of Long-term Investment Dispositions
(Unaudited)

Year ended December 31, 2006

Interest Rate %	Security	Value	Proceeds
			(thousands of dollars)
	Discount Notes and Treasury Bills (classified as long term investments)		$ 305,095
	3M Company	U.S. Equity	1,646
9.000	407 International	August 15, 2007	1,681
	5800-5900 Explorer Drive Mississauga	Canadian Equity	2,132
4.455	Alberta Capital Fin Authority	December 15, 2011	2,531
5.850	Alberta Muni Finance Corp.	June 1, 2012	701
	Alcan Inc.	Canadian Equity	115
	Alimentation Couche - Tard Inc.	Canadian Equity	115
7.181	Alliance Pipeline	June 30, 2023	101
	Alliant Techsystems Inc.	U.S. Equity	699
	Apache Corp.	U.S. Equity	1,688
	ATI Technologies	Canadian Equity	3,892
4.650	Bank of Montreal	March 14, 2013	1,223
4.870	Bank of Montreal	April 22, 2020	325
	Bank of America Corp.	U.S. Equity	1,911
4.260	Bank of Nova Scotia	April 7, 2008	1,543
5.650	Bank of Nova Scotia	July 22, 2008	1,461
3.950	Bank of Nova Scotia	February 18, 2010	1,243
	Bank of Nova Scotia	Canadian Equity	2,247
	Barrick Gold Corp.	Canadian Equity	140
6.750	BCE Inc.	October 30, 2007	1,040
	Brookfield Asset Mgt.	Canadian Equity	279
	Brunswick Corp.	U.S. Equity	288
	CAE Inc.	Canadian Equity	65
	Cameco Corp.	Canadian Equity	4,471
5.100	Canada Housing Trust	September 15, 2007	30,174
4.400	Canada Housing Trust	March 15, 2008	54,837
FR	Canada Housing Trust	March 15, 2010	3,278
FR	Canada Housing Trust	September 15, 2010	6,068
3.750	Canadian Imperial Bank of Commerce	September 9, 2015	816
	Canadian Imperial Bank of Commerce	Canadian Equity	394
	Canadian National Railway	Canadian Equity	1,532
	Canadian Natural Resources Ltd.	Canadian Equity	10,547
	Capital One Financial Co.	U.S. Equity	174
3.869	Cards II Trust	October 15, 2010	2,264
	Casey's General Stores Inc.	U.S. Equity	551
	Caterpillar Inc.	U.S. Equity	1,493
	CGI Group Inc.	Canadian Equity	2,223
	Church & Dwight Co. Inc.	U.S. Equity	1,069
	Circle Properties Ltd.	Canadian Equity	7,915
3.490	Citigroup Finance Canada Inc.	September 22, 2008	1,985
	Cleveland Cliffs Inc.	U.S. Equity	693
	CN Convention Centre	Canadian Equity	2
	Coach Inc.	U.S. Equity	164
	Conocophillips	U.S. Equity	1,227
	Crossroads Shopping Centre	Canadian Equity	25
	Dorel Industries Inc.	Canadian Equity	522
	Duvernay Oil Corp.	Canadian Equity	64
	Encana Corporation	Canadian Equity	9,826
	Ensign Energy Services Inc.	Canadian Equity	49
	Exelon Corp.	U.S. Equity	543
	Exxon Mobil Corp.	U.S. Equity	599
5.151	Falcon Trust Comm. Mtg.	January 15, 2011	1,012
	Falconbridge Ltd.	Canadian Equity	13,763
4.750	Financement Quebec	December 1, 2009	1,689
5.250	Financement Quebec	December 1, 2011	1,100
6.250	Financement Quebec	December 1, 2015	3,109
	Finning Int'l Inc.	Canadian Equity	71
	First Quantum Minerals Ltd.	Canadian Equity	883
	Forest Laboratories Inc.	U.S. Equity	115
	Franklin Resources Inc.	U.S. Equity	330
	Freescale Semiconductor Inc.	U.S. Equity	1,608
4.400	GE Capital Canada Funding Co.	February 7, 2011	1,875
4.002	Genesis Trust Power Line of Credit	March 15, 2010	1,743
	Glamis Gold Ltd.	Canadian Equity	7,503
	Glenwood Estates	Canadian Equity	82
	Goldcorp Inc.	Canadian Equity	835
4.159	Golden Credit Card	October 15, 2008	1,082
3.000	Government of Canada	June 1, 2007	28,712
2.750	Government of Canada	December 1, 2007	70,684
4.250	Government of Canada	September 1, 2008	16,127
4.250	Government of Canada	December 1, 2008	17,649
4.000	Government of Canada	September 1, 2010	72,862
6.000	Government of Canada	June 1, 2011	1,163
3.750	Government of Canada	September 1, 2011	4,292
5.250	Government of Canada	June 1, 2013	11,915
5.000	Government of Canada	June 1, 2014	196
4.500	Government of Canada	June 1, 2015	24,424
4.000	Government of Canada	June 1, 2016	98,696
5.750	Government of Canada	June 1, 2029	3,566
5.750	Government of Canada	June 1, 2033	24,915
5.000	Government of Canada	June 1, 2037	46,861
	GPMI - Mt. Lehman	Canadian Equity	255
	Greystone EAFE Plus Fund	Pooled Fund	8,008
	Home Capital Group Inc.	Canadian Equity	727
	Home Depot Inc.	U.S. Equity	207
	Husky Energy Inc.	Canadian Equity	966
5.770	Hydro One Inc.	November 15, 2012	999
	Ingersoll Rand Co.	U.S. Equity	1,787
	Intel Corp.	U.S. Equity	1,453
4.375	Int'l Bk Reconstr. & Dev.	September 28, 2006	3,028
5.750	Intl. American Dev. Bank	June 15, 2011	1,338
	Joy Global Inc.	U.S. Equity	2,677
	KB Home	U.S. Equity	693
	KS Equities Inc.	Canadian Equity	2,453
	Lennar Corp.	U.S. Equity	1,142
6.050	Loblaw Companies Ltd.	June 9, 2034	960
	Lowes Cos. Inc.	Canadian Equity	3,903
	MacDonald Dettwiler & Associates	Canadian Equity	57

Interest Rate %	Security	Value	Proceeds
			(thousands of dollars)
	Magna Int'l Inc.	Canadian Equity	2,412
	Manulife Financial Capital Trust	Canadian Equity	671
	McGraw Hill Cos. Inc.	U.S. Equity	382
	Methanex Corp.	Canadian Equity	610
	Microsoft Corp.	U.S. Equity	1,604
5.750	Milit Air Inc.	June 30, 2019	77
	Nabors Industries Ltd.	U.S. Equity	895
4.700	National Bank	November 2, 2020	909
	National Bank	Canadian Equity	341
	Nexen Inc.	Canadian Equity	179
	Occidental Pete Corp.	U.S. Equity	343
	Pepsico Inc.	U.S. Equity	162
	Pfizer Inc.	U.S. Equity	619
	Phelps Dodge Corp.	U.S. Equity	732
	Potash Corp of Saskatchewan Inc.	Canadian Equity	5,564
	Power Corp. of Canada	Canadian Equity	459
	Power Financial Corp.	Canadian Equity	3,080
	Precision Drilling Corp.	Canadian Equity	4,992
	Procter & Gamble Co.	U.S. Equity	476
5.300	Province of British Columbia	June 18, 2014	4,086
4.250	Province of Manitoba	June 3, 2013	3,097
5.200	Province of Manitoba	December 3, 2015	2,148
5.500	Province of Manitoba	November 15, 2018	2,799
6.400	Province of Nova Scotia	September 1, 2010	1,450
4.500	Province of Ontario	March 8, 2015	2,127
5.500	Province of Ontario	June 2, 2018	2,512
5.600	Province of Ontario	June 2, 2035	3,145
5.500	Province of Quebec	June 1, 2009	4,508
5.000	Province of Quebec	December 1, 2015	6,694
	Qualcomm Inc.	U.S. Equity	1,792
	Quest Diagnostic Inc.	U.S. Equity	1,214
	Research In Motion Ltd.	Canadian Equity	2,870
	Rogers Communications Inc.	Canadian Equity	239
	Rona Inc.	Canadian Equity	377
5.000	Royal Bank of Canada	January 20, 2014	2,451
	Royal Bank of Canada	Canadian Equity	699
	Rutherford Properties Ltd.	Canadian Equity	247
	Saputo Inc.	Canadian Equity	1,198
	Shaw Communications Inc.	Canadian Equity	93
	Shoppers Drug Mart Corp.	Canadian Equity	378
	SNC-Lavalin Group Inc.	Canadian Equity	1,219
4.800	Sun Life Financial Inc.	November 23, 2035	941
4.950	Sun Life Financial Inc.	June 1, 2036	1,239
	Suncor Energy Inc.	Canadian Equity	5,363
	Symantec Corp.	U.S. Equity	1,483
	Talisman Energy Inc.	Canadian Equity	11,570
	Teck Cominco Ltd.	Canadian Equity	2,696
	Telus Corp.	Canadian Equity	1,586
	Terra Losa Shopping Centre	Canadian Equity	3,064
	Texas Instruments	U.S. Equity	1,560
4.540	Toronto Dominion Bank	September 5, 2013	1,693
4.970	Toronto Dominion Bank	October 30, 2015	1,302
4.317	Toronto Dominion Bank	January 18, 2016	1,501
5.690	Toronto Dominion Bank	June 3, 2018	1,433
	TransCanada Corp.	Canadian Equity	80
	Trican Well Services Co. Ltd.	Canadian Equity	60
	Twin Equities Inc.	Canadian Equity	2,267
	TXU Corp.	U.S. Equity	1,455
	Unitedhealth Group Inc.	U.S. Equity	1,981
	US Bancorp Del	U.S. Equity	659
	West Fraser Timber Co. Ltd.	Canadian Equity	2,008
	Westjet Airlines Ltd.	Canadian Equity	2,394
4.272	York Receivables Trust	July 21, 2008	2,315
			$ 1,083,457

Exhibit 3: Statement of Long-term Investment Acquisitions
(Unaudited)

Year ended December 31, 2006

Interest Rate %	Security	Maturity Date	Par Value	Purchase Value
			(thousands of dollars)	
	Discount Notes and Treasury Bills (classified as long term investments)			$ 285,196
	3100 Production Way	Canadian Equity		245
	3131 St. Martin Equities	Canadian Equity		418
	410 & 7 Equities Inc.	Canadian Equity		1,065
	5800-5900 Explorer Drive Mississauga	Canadian Equity		446
4.350	Alberta Capital Fin Authority	June 15, 2016	3,262	3,239
4.450	Alberta Capital Fin Authority	December 15, 2025	450	441
	Alcan Inc.	Canadian Equity		5,960
	Alimentation Couche - Tard Inc.	Canadian Equity		2,417
	Alliance Atlantis Communications Inc.	Canadian Equity		727
	Amgen Inc.	U.S. Equity		147
	Apache Corp.	U.S. Equity		108
	Apple Computer Inc.	U.S. Equity		1,557
	Aset Properties Inc.	Canadian Equity		3,063
	AT&T Inc.	U.S. Equity		2,008
4.690	Bank of Montreal	January 31, 2011	644	642
4.650	Bank of Montreal	March 14, 2013	1,234	1,233
5.100	Bank of Montreal	April 21, 2021	1,065	1,065
	Bank of America Corp.	U.S. Equity		1,656
4.260	Bank of Nova Scotia	April 7, 2008	1,550	1,550
4.560	Bank of Nova Scotia	October 30, 2013	2,858	2,885
	Bank of Nova Scotia	Canadian Equity		1,775
	Barrick Gold Corp.	Canadian Equity		3,193
4.720	Bell Alliant Regl. Comm. L.P.	September 26, 2011	2,257	2,257
	Bridgeport Road Equties Inc.	Canadian Equity		116
	Broadway Equities Inc.	Canadian Equity		168
	Brookfield Asset Mgt.	Canadian Equity		1,735
	Brookfield Properties Corp.	Canadian Equity		3,335
	Burlington Northern Santa Fe	U.S. Equity		124
	CAE Inc.	Canadian Equity		3,098
	Cameco Corp.	Canadian Equity		4,470
4.250	Canada Housing and Mortgage Corp	February 1, 2016	7,069	6,941
5.100	Canada Housing Trust	September 15, 2007	11,967	12,199
4.400	Canada Housing Trust	March 15, 2008	54,671	54,971
4.050	Canada Housing Trust	March 15, 2011	2,290	2,274
4.600	Canada Housing Trust	September 15, 2011	22,292	22,324
3.750	Canadian Imperial Bank of Commerce	September 9, 2015	1,444	1,398
4.550	Canadian Imperial Bank of Commerce	March 28, 2016	2,975	2,964
	Canadian Imperial Bank of Commerce	Canadian Equity		178
	Canadian National Railway	Canadian Equity		216
	Canadian Natural Resources Ltd.	Canadian Equity		121
	Capital One Financial Co.	U.S. Equity		95
4.379	Cards II Trust	October 15, 2009	844	852
	Carrefour Lachenaie	Canadian Equity		23
	Casey's General Stores Inc.	U.S. Equity		681
	Caterpillar Inc.	U.S. Equity		1,852
	Cisco Systems Inc.	U.S. Equity		1,710
	Citigroup	U.S. Equity		801
3.490	Citigroup Finance Canada Inc.	September 22, 2008	1,016	1,000
4.110	Citigroup Finance Canada Inc.	December 14, 2009	1,829	1,820
4.370	Citigroup Finance Canada Inc.	February 3, 2011	876	876
	Cleveland Cliffs Inc.	U.S. Equity		59
	Coach Inc.	U.S. Equity		269
	Colebrook 152 Holdings Inc.	Canadian Equity		70
	Cordova Equities Inc.	Canadian Equity		103

Interest Rate %	Security	Maturity Date	Par Value	Purchase Value
			(thousands of dollars)	
	Crossroads Shopping Centre	Canadian Equity		96
	Duvernay Oil Corp.	Canadian Equity		4,115
	Encana Corporation	Canadian Equity		205
5.650	Epcore Utilities	November 16, 2035	346	331
	Exelon Corp.	U.S. Equity		85
	Exxon Mobil Corp.	U.S. Equity		141
4.600	Farm Credit Corp.	June 1, 2021	2,860	2,959
4.750	Financement Quebec	December 1, 2009	300	304
6.250	Financement Quebec	December 1, 2015	971	1,098
	Finning Int'l Inc.	Canadian Equity		867
	First Quantum Minerals Ltd.	Canadian Equity		3,106
	Forest Laboratories Inc.	U.S. Equity		75
	FP Equities Inc.	Canadian Equity		839
	FPL Group Inc.	U.S. Equity		1,054
	Franklin Resources Inc.	U.S. Equity		274
	Freescale Semiconductor Inc.	U.S. Equity		1,140
4.400	GE Capital Canada Funding Co.	February 7, 2011	1,894	1,892
4.750	GE Capital Canada Funding Co.	May 2, 2011	3,060	3,067
4.550	GE Capital Canada Funding Co.	January 17, 2017	1,276	1,275
	General Electric Co.	U.S. Equity		129
4.245	Genesis Trust Power Line of Credit	September 15, 2011	1,024	1,024
	Gildan Activewear Inc.	Canadian Equity		3,889
	Gilead Sciences Inc.	U.S. Equity		1,326
	Glamis Gold Ltd.	Canadian Equity		6,342
	Glenwood Estates	Canadian Equity		396
	Goldcorp Inc.	Canadian Equity		7,783
5.250	Goldman Sachs Group Inc.	June 1, 2016	2,694	2,686
	Google Inc.	U.S. Equity		1,503
3.000	Government of Canada	June 1, 2007	1,300	1,286
2.750	Government of Canada	December 1, 2007	35,693	35,062
4.250	Government of Canada	September 1, 2008	5,500	5,521
4.250	Government of Canada	December 1, 2008	78,484	79,022
4.000	Government of Canada	September 1, 2010	54,045	53,761
3.750	Government of Canada	September 1, 2011	34,547	34,045
5.250	Government of Canada	June 1, 2013	10,132	10,772
5.000	Government of Canada	June 1, 2014	10,404	11,136
4.500	Government of Canada	June 1, 2015	15,530	16,040
4.000	Government of Canada	June 1, 2016	112,197	110,115
8.000	Government of Canada	June 1, 2023	1,125	1,636
Residual	Government of Canada	June 1, 2025	18,244	7,692
5.750	Government of Canada	June 1, 2029	9,450	11,240
5.750	Government of Canada	June 1, 2033	22,226	26,889
5.000	Government of Canada	June 1, 2037	41,098	46,765
	GPMI - Kitchener	Canadian Equity		209
	GPMI - Mt. Lehman	Canadian Equity		255
	Great Plains Industrial Alberta	Canadian Equity		739
	Greystone EAFE Plus Fund	Pooled Fund		9,615
	Hewlett - Packard	Canadian Equity		515
	Home Capital Group Inc.	Canadian Equity		951
	Home Depot Inc.	U.S. Equity		92
4.000	HSBC Financial Corp.	May 3, 2010	817	806
	Hudbay Minerals Inc.	Canadian Equity		415
	Husky Energy Inc.	Canadian Equity		4,761
	Ingersoll Rand Co.	U.S. Equity		109
	International Business Machines Corp.	U.S. Equity		2,098

Interest Rate %	Security	Maturity Date	Par Value	Purchase Value
			(thousands of dollars)	
	Inventiv Health Inc.	U.S. Equity		719
	IPSCO Land Development	Canadian Equity		478
	KB Home	U.S. Equity		42
	Kellogg Co.	U.S. Equity		1,696
	KS Equities Inc.	Canadian Equity		69
	Lennar Corp.	U.S. Equity		84
	Lionore Mining International Ltd.	Canadian Equity		1,735
	Lockheed Martin Corp.	U.S. Equity		161
	MacDonald Dettwiler & Associates	Canadian Equity		316
	Manulife Financial Capital Trust	Canadian Equity		3,891
5.245	Merrill Lynch	June 6, 2035	324	336
	Merrill Lynch	U.S. Equity		2,117
4.850	Met Life Global Funding	May 30, 2013	1,633	1,647
	Methanex Corp.	Canadian Equity		672
	Microsoft Corp.	U.S. Equity		165
	Milton Lands	Canadian Equity		399
4.650	Municipal Finance Authority British Columbia	April 19, 2016	3,534	3,619
	Nabors Industries Ltd.	U.S. Equity		124
FR	National Bank	November 2, 2016	810	810
4.700	National Bank	November 2, 2020	1,273	1,245
	National Bank	Canadian Equity		103
4.700	New York Life	April 20, 2011	1,426	1,435
	Nexen Inc.	Canadian Equity		10,007
	Nordstrom Inc.	U.S. Equity		1,914
	Occidental Pete Corp.	U.S. Equity		272
	Omnicom Group Inc.	U.S. Equity		67
5.570	Ontrea Inc.	April 9, 2013	1,682	1,811
	Pan American Silver Corp.	Canadian Equity		1,485
	Pepsico Inc.	U.S. Equity		631
	Peregrine - Broadway	Canadian Equity		487
	Peregrine - Waverley	Canadian Equity		350
	Pfizer Inc.	U.S. Equity		242
	Phelps Dodge Corp.	U.S. Equity		240
	Power Corp. of Canada	Canadian Equity		1,184
	Praxair Inc.	U.S. Equity		77
	Precision Drilling Corp.	Canadian Equity		304
	Procter & Gamble Co.	U.S. Equity		151
8.500	Province of British Columbia	August 23, 2013	2,408	3,022
5.150	Province of British Columbia	December 18, 2015	1,932	2,045
8.750	Province of British Columbia	August 19, 2022	1,796	2,646
4.250	Province of Manitoba	June 3, 2013	3,081	3,066
6.500	Province of Manitoba	September 22, 2017	1,862	2,178
5.700	Province of Manitoba	March 5, 2037	313	375
6.375	Province of New Brunswick	June 15, 2010	125	136
5.600	Province of Newfoundland & Labrador	October 17, 2033	1,414	1,537
4.500	Province of Newfoundland & Labrador	April 17, 2037	2,025	2,012
4.500	Province of Nova Scotia	June 1, 2013	1,721	1,720
4.500	Province of Ontario	March 8, 2015	215	216
4.400	Province of Ontario	March 8, 2016	2,733	2,688
5.500	Province of Ontario	June 2, 2018	1,565	1,659
4.850	Province of Ontario	June 2, 2020	2,987	3,069
5.600	Province of Ontario	June 2, 2035	655	733
6.250	Province of Quebec	December 1, 2010	4,162	4,502
5.000	Province of Quebec	December 1, 2015	3,219	3,316
4.500	Province of Quebec	December 1, 2016	6,713	6,695

Interest Rate %	Security	Maturity Date	Par Value	Purchase Value
			(thousands of dollars)	
6.250	Province of Quebec	June 1, 2032	225	263
6.400	Province of Saskatchewan	September 5, 2031	550	690
	Qualcomm Inc.	U.S. Equity		130
	Quance Equities Inc.	Canadian Equity		261
	Quest Diagnostic Inc.	U.S. Equity		276
	Research In Motion Ltd.	Canadian Equity		1,425
	Rodick Equities Inc.	Canadian Equity		1,545
	Rogers Communications Inc.	Canadian Equity		2,641
	Rona Inc.	Canadian Equity		68
5.450	Royal Bank of Canada	November 4, 2018	1,253	1,295
	Royal Bank of Canada	Canadian Equity		2,523
	Rutherford Properties Ltd.	Canadian Equity		733
	Schlumberger Ltd.	U.S. Equity		1,306
	Shaw Communications Inc.	Canadian Equity		4,601
	Shoppers Drug Mart Corp.	Canadian Equity		187
	Shoppers World	Canadian Equity		174
	Silver Seven Equities Inc.	Canadian Equity		1,548
	SNC-Lavalin Group Inc.	Canadian Equity		107
4.800	Sun Life Financial Inc.	November 23, 2035	2,799	2,773
4.950	Sun Life Financial Inc.	June 1, 2036	1,236	1,236
	Suncor Energy Inc.	Canadian Equity		1,744
	Sunrise Town Square	Canadian Equity		612
	T.V. Equities Inc.	Canadian Equity		1,285
	Talisman Energy Inc.	Canadian Equity		167
	Teck Cominco Ltd.	Canadian Equity		2,337
5.000	Telus Corp.	June 3, 2013	1,297	1,323
	Telus Corp.	Canadian Equity		194
	Templeton Global Equity Trust	Pooled Fund		5,424
	Texas Instruments	U.S. Equity		93
	Textron Inc.	U.S. Equity		1,743
	Tim Hortons Inc.	Canadian Equity		5,985
4.540	Toronto Dominion Bank	September 5, 2013	1,695	1,706
4.317	Toronto Dominion Bank	January 18, 2016	2,793	2,771
5.690	Toronto Dominion Bank	June 3, 2018	1,330	1,413
4.779	Toronto Dominion Bank	December 14, 2105	2,256	2,256
	TransAlta Corp.	Canadian Equity		130
	TransCanada Corp.	Canadian Equity		2,811
	Trican Well Services Co. Ltd.	Canadian Equity		1,979
	Twin Equities Inc.	Canadian Equity		3,801
	TXU Corp.	U.S. Equity		76
	Unitedhealth Group Inc.	U.S. Equity		723
	University Equities	Canadian Equity		96
	US Bancorp Del	U.S. Equity		119
	Valero Energy Corp.	U.S. Equity		398
	Wachovia Corp.	U.S. Equity		1,932
4.400	Wells Fargo Financial Canada Corp.	December 12, 2012	927	926
	West Island Equities Inc.	Canadian Equity		2,293
	Wireless Way Equities Inc.	Canadian Equity		567
			$ 651,779	$1,121,270

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